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Directors' Remuneration Report

This report sets out the policy and disclosures on directors' remuneration in accordance with the requirements of the Companies Act 1985 (the "Act") as amended by the Directors' Remuneration Report Regulations 2002. Disclosure relating to individual directors' remuneration on page 38, pensions information on page 39 and directors' interests in share options and other long term incentive schemes on pages 41 to 43 has been audited by Ernst & Young LLP.

Remuneration committee

Responsibility for formulating and recommending policy on executive remuneration has been delegated to the remuneration committee by the board. Within the terms of the agreed policy, the committee approves the specific components of remuneration packages of all executive directors and the chairman. It also reviews the general remuneration framework for senior executives and makes awards under the company's option and incentive plans.

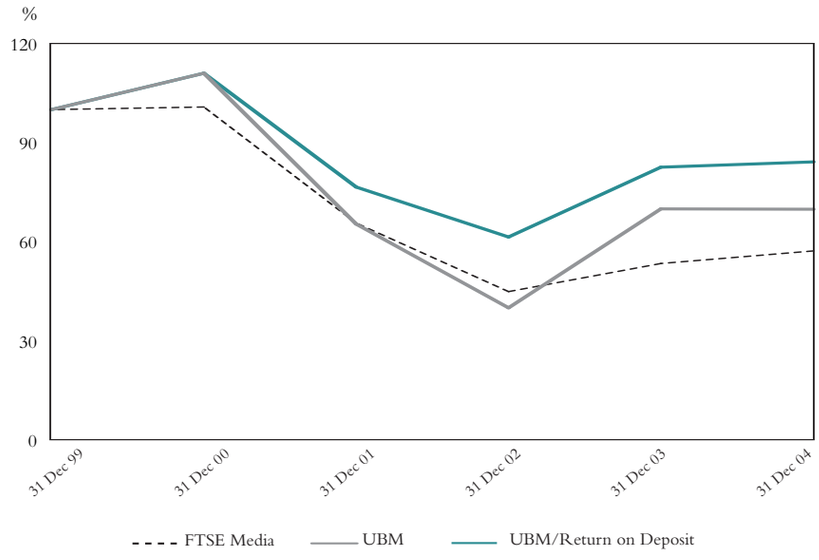
The committee is composed entirely of non-executive directors; further information regarding the independence of directors can be found in the corporate governance statement on page 45. Members of the committee during 2004 were Chris Powell (chairman), Jonathan Newcomb and Adair Turner. The company's chairman Geoff Unwin is not a member of the committee but attends meetings by invitation, except when matters relating to his own remuneration are discussed. Sandy Leitch, who joined the board as an independent non-executive director on 11 January 2005, has also been appointed as a member of the remuneration committee. Chris Powell, the committee's chairman, will retire at this year's annual general meeting in accordance with the company's articles and a resolution will be proposed for his re-election.

The committee met formally on six occasions during 2004. Details of individual directors' attendance are set out in the corporate governance statement on page 44. In addition to its usual schedule of issues for consideration, during 2004 the committee dealt with matters relating to Clive Hollick's forthcoming retirement and the formulation of a remuneration package for David Levin, who will join the group as chief executive in April 2005.

External assistance was provided to the committee by Kepler Associates, who were appointed by the committee in July 2004, and by New Bridge Street Consultants LLP. Kepler Associates have no other connection with the company. New Bridge Street Consultants LLP also provided advice to the company during the year on specific aspects of performance related remuneration. The committee received assistance internally from the acting HR director, Sue Brader, the employee and benefits manager, Jane Allen and the company secretary, Anne Siddell, who is secretary to the committee. The chief executive Clive Hollick assists the committee in formulating performance conditions for executives reporting to him and attends meetings by invitation except where matters relating to his own remuneration are discussed.

The committee's terms of reference comply with the new Combined Code on corporate governance and may be viewed on the group's website. Copies may also be obtained from the company secretary.

Performance graph



The graph above shows UBM's total shareholder return performance over the last five years since 31 December 1999 as compared to the FTSE Media Index, which has been chosen as UBM is a constituent of that Index. The graph reflects the return of a £1.25 billion special dividend to shareholders in April 2001 following the disposal of UBM's three ITV licences to Granada Media for £1.75 billion. In accordance with the requirements of the Act, the "UBM" line assumes that the benefits received by shareholders from this event were reinvested in UBM's shares; it shows a 30.1 percent decline in shareholder return compared to a 42.7 percent decline in the FTSE Media Index. The "UBM/return on deposit" line reflects the return on deposit from the special dividend and shows a decline of 15.8 percent.

Remuneration policy

Non-executive directors' remuneration

The board's policy on non-executive directors' remuneration for 2005 is to pay fees which reflect the non-executive directors' responsibilities, are competitive with those of other FTSE 250 companies, and which align directors' interests with those of shareholders. The board as a whole considers and approves the fees of the non-executive directors, with the exception of the chairman whose fees are approved by the remuneration committee.

Pursuant to the policy outlined above, non-executive directors receive a proportion of their fees in the form of shares with the balance payable in cash. Ordinary shares in the company are provisionally awarded and are included in the directors' share interests table on page 43. The directors will become entitled to receive these shares when they leave the board, subject to certain conditions. The remuneration table on page 38 shows the fees paid to non-executive directors and the cash value of shares as at the date they were provisionally awarded. During the year the non-executive directors' fees were benchmarked against market practice and with effect from 1 November 2004 the cash fee was increased from £25,000 to £30,000 per annum. The directors' fees include membership of board committees; an additional payment of £10,000 per annum is made to the chairmen of the remuneration and audit committees respectively and to the senior independent director, John Botts.

The chairman, Geoff Unwin receives a fee of £100,000 per annum paid in cash as well as a provisional allocation of ordinary shares as described above. These fees have remained unchanged since his appointment in November 2002.

In recognition of the significant additional time commitment and workload undertaken by the chairman and all non-executive directors in 2004 during the process of recruiting a new chief executive, the board approved the payment of additional non-recurring fees of £10,000 each for Geoff Unwin, John Botts and Chris Powell, and of £5,000 each for Jonathan Newcomb, Christopher Hyman and Adair Turner. These fees will be paid in March 2005 and are included in the directors' remuneration table on page 38.

Executive directors' remuneration

For 2005, it continues to be the committee's policy that each executive director's remuneration package includes a significant element which is linked to key measures of corporate and personal performance and encourages investment in the company's shares. Base salary is expected to comprise less than 50 percent of the total remuneration that may be earned.

The committee will undertake a detailed review of remuneration policy during 2005, with particular reference to the balance of fixed and performance-related remuneration and the structure of long term incentive arrangements.

Executive directors' remuneration packages

Executive directors' remuneration packages comprise base salary and benefits; an annual bonus based on a combination of personal and corporate annual performance measures; long term incentive arrangements; and pension provision.

Salary

Base salary for each director is determined annually with effect from 1 January. The company regularly benchmarks executive remuneration packages against the market to measure the competitiveness of base salaries, as well as other aspects of remuneration. Factors such as inflation, the individual's responsibilities, the company's performance and the salary policy throughout the group as a whole are taken into account when determining base salary levels. Base salaries for executive directors were increased by 3.5 percent with effect from 1 January 2005.

Bonuses

Executive directors are eligible for an annual bonus dependent on the achievement of stretching performance measures which customarily include a combination of factors recognising both relevant company performance and individual objectives. These measures are reviewed annually and new objectives set by the committee for each director at the start of the financial year. Specific weightings are attached to each objective. Part of the bonus is payable in the form of a deferred share award known as the Medium Term Incentive Plan ("MTIP") which is described in more detail below. Awards under the MTIP are based on the same corporate performance targets as for the cash element of the bonus but require more stretching performance to achieve the maximum award.

The maximum bonus payable for 2004 if all corporate and individual performance targets are substantially exceeded is 110 percent of salary, with 60 percent of salary payable in cash and 50 percent of salary in the form of shares under the MTIP. Previously the maximum bonus payable was 100 percent of salary, of which 60 percent of salary was payable in cash and 40 percent of salary under the MTIP. The committee's view is that the increase in the element of bonus payable in the form of shares is appropriate to ensure that remuneration packages remain competitive. Individual directors may also be invited to invest all or part of their cash bonus in the company's Senior Executive Equity Participation Plan ("SEEPP"), details of which can be found below.

Awards made under the MTIP are in the form of nil cost options over the company's shares, the number to be calculated using the average share price for the month preceding the start of the relevant financial year. Thus the company's results for 2004 will form the basis for awards to be made in 2005, with the number of options granted being calculated by reference to the average share price during December 2003. Awards made in 2005 will vest as to 50 percent in January 2007 and the balance in January 2008, provided the director remains in the group's employment. Awards will also vest if employment ceases due to redundancy, disability, injury, death, retirement at or after contractual retirement age, or in other circumstances at the discretion of the remuneration committee. Only purchased shares may be used to fulfil awards under the MTIP.

Details of awards previously made to individual directors under the MTIP are set out in the table on page 43; the directors' remuneration table on page 38 shows the cash value of bonuses earned under the MTIP in respect of 2004.

Clive Hollick will be eligible for a cash bonus and MTIP award in respect of 2005, dependent upon the company achieving pre set financial targets; the amount of bonus payable will be pro rated by reference to his leaving date. The company also proposes to pay Clive Hollick a bonus of £250,000 following his departure in May 2005, based on achievement of a successful handover to the new group chief executive, David Levin.

Senior Executive Equity Participation Plan ("SEEPP")

The SEEPP offers selected senior executives (including executive directors) the opportunity to waive part or all of their annual bonus and receive an interest in shares in the company ("bonus shares") to the equivalent value. The executive may also be granted a right to acquire further shares ("matching shares") in the company equal in value to the gross amount of the bonus foregone. Invitations to participate in the SEEPP are issued by the remuneration committee, which reviews prospective participants annually; there is no automatic entitlement to participate.

Matching share awards will vest on the fourth anniversary of grant but may be exercised only to the extent that the attached bonus shares are still held on that date. Matching share awards are also subject to a performance condition which is measured over the four year vesting period. One third of the award may only be exercised if growth in earnings per share during that period exceeds inflation by an average of 3 percent per annum; a further one third requires such growth to exceed inflation by an average of 5 percent per annum; the remaining one third requires no performance condition. No re-testing of performance conditions is permitted.

Further details of outstanding awards held by executive directors under the SEEPP, including awards made in 2004, are set out in the table on page 42.

During 2005 the committee will consider the implications of IFRS for the performance conditions relating to the group's long term incentive schemes.

Sharesave

Executive directors are also entitled to participate in the sharesave scheme, under which eligible employees around the group may acquire options over ordinary shares of the company at a discount of up to 20 percent of their market price, using the proceeds of a related SAYE contract.

Pensions

The company contributes to personal pension plans for Malcolm Wall and Nigel Wilson. During 2004, both directors joined the defined contribution section of the United Group Pension Scheme and contributions are now paid to that scheme. The table below shows the total pension contributions paid by the company during the year on behalf of both directors; payments in excess of Inland Revenue maximum limits are paid as benefits in kind and shown as such in the directors' remuneration table on page 38.

Name	Normal retirement age	Pension contribution	Company pension contribution during the year £000
Malcolm Wall	60	15% of basic salary	50
Nigel Wilson	60	20% of basic salary	64

Clive Hollick and Charles Gregson are members of the United Pension Plan which is an approved defined benefit scheme. The company met the full cost of the benefits until July 2004, from which date, as part of the company's policy on employee contributions, both directors commenced contributions at a rate of 2 percent of salary. For Charles Gregson, this contribution rate will increase to 6 percent by 2006. Normal retirement age is 60. Charles Gregson's pension entitlement is two thirds of final pensionable salary, which is calculated as the average of the highest three consecutive pensionable salaries in the ten years prior to retirement. Pensions in payment are increased by 5 percent per annum or RPI, if less. The widow's pension is two-thirds of the individual's pension.

Under the terms of Charles Gregson's service contract, the definition of pensionable salary includes annual bonus up to 50 percent of base salary; this is a long standing term of his service contract. If Charles Gregson's service were terminated by the company without his consent he would be entitled to an immediate pension calculated as a proportion of his pension entitlement at age 60, based on his final pensionable salary at the date of termination.

Under Clive Hollick's service contract, bonuses ceased to be pensionable in 2001, at which date his maximum pension entitlement (assuming he remains in office until his normal retirement date) had been earned and was fixed at £726,000 per annum. Clive Hollick will retire from the company in May 2005, when he reaches his 60th birthday. In accordance with his contractual entitlement he has requested that a transfer value be paid by the United Pension Plan prior to his departure to secure the payment of his pension benefits by a self administered scheme. A transfer value of £14.73 million has been calculated by the plan's actuaries and will be paid on or about 31 March 2005; this will relieve the United Pension Plan of any liability for pension provision to Clive Hollick or his dependants.

In accordance with the regulations, the table below shows accrued pension benefits at 31 December 2004 for Clive Hollick and Charles Gregson as well as the increase in accrued benefits during the year, the transfer value at the beginning and end of the year and the change in transfer value during the year. The table also shows the change in accrued benefit net of inflation and the transfer value of that change, as required by the Listing Rules.

Following actuarial advice, the trustees of the plan amended the basis for calculating transfer values during the year which led to an increase in transfer values for all members of the plan.

Name	Current age	Accrued pension 31.12.2004 £000 pa	Increase in accrued pension during the year ended 31.12.2004 £000 pa	Transfer value 31.12.2003 £000	Transfer value 31.12.2004 £000	Increase in transfer value for year ended 31.12.2004 £000	Increase in accrued pension during year ended 31.12.2004 in excess of inflation £000 pa	Transfer value at 31.12.2004 of increase in excess of inflation £000
Clive Hollick	59	711	39	11,244	14,489	3,238	16	300
Charles Gregson	57	359	–	5,335	6,459	1,118	(12)	(226)

External appointments of executive directors

The company considers that by permitting executive directors to hold office as a non-executive director of another company, they will increase their knowledge and experience thereby benefiting the company. The policy allows executive directors to accept not more than two outside corporate directorships, subject to board approval which may be given or withheld at the board's discretion.

Clive Hollick, Charles Gregson and Nigel Wilson each hold external directorships and are entitled to retain the fees earned. During 2004, Clive Hollick earned £59,885 from Diageo plc and $97,500 plus deferred stock and dividends with a value of $62,250 in Honeywell International Inc in respect of his directorships of these companies; Charles Gregson earned £40,000 in respect of his directorship of Provident Financial Plc and Nigel Wilson earned £25,026 in respect of his directorship of Halfords Plc.

Policy on executive directors service contracts and termination payments

It is the company's policy that all executive directors should have service contracts that are terminable on no more than one year's notice and that contracts should not have a fixed term. Contracts provide for automatic termination at age 60. In accordance with this policy, Clive Hollick's contract will terminate on 19 May 2005. He has agreed to provide consultancy services to the company for a period of up to 12 months after his retirement in consideration for a fee of £100,000.

If Clive Hollick or Charles Gregson's employment were terminated other than for cause (summary dismissal), they would be entitled to a payment, calculated by reference to their unexpired period of notice, of up to one year's salary, benefits and 50 percent of average bonus over the preceding three years (excluding any special bonus). Under Malcolm Wall and Nigel Wilson's contracts, any payment on early termination by the company would be by reference to the unexpired period of notice, subject to a duty to mitigate. In accordance with the committee's policy, David Levin's service contract, which will commence on 5 April 2005, is terminable by either party on not less than twelve months' notice; any payment on early termination by the company would be subject to the same considerations as apply in respect of Malcolm Wall and Nigel Wilson's contracts.

The dates on which each executive director's current service contract commenced are as follows:-

Clive Hollick	31 October 2001
Charles Gregson	31 December 2001
Malcolm Wall	24 November 2000
Nigel Wilson	06 July 2001

Policy on non-executive directors' contracts

The chairman, Geoff Unwin, has a contract which was entered into on 5 November 2002 and which is terminable by either party on not less than twelve months' notice. He was last re-elected to the board in 2003. His contract contains no provision for payment of compensation on early termination.

Other non-executive directors do not have a service contract with the company but are engaged under a letter of appointment. John Botts, Adair Turner and Chris Powell have notice periods of six months while Jonathan Newcomb, Christopher Hyman and Sandy Leitch have notice periods of three months. None of the non-executive directors' terms of appointment contain any provision for payment of compensation on early termination. Non-executive directors are not entitled to participate in the company's share option or pension schemes. Each director's appointment (including that of the chairman) is reviewed every three years. Set out below are the dates on which each non-executive director was first appointed to the board and the year in which he was last re-elected by shareholders.

Director	Date of appointment	Date of last re-election
John Botts	8 July 1997	2004
Christopher Hyman	7 May 2004	N/A
Sandy Leitch	11 January 2005	N/A
Jonathan Newcomb	27 September 2001	2002
Chris Powell	04 April 1996	2002
Adair Turner	01 January 2000	2003

Directors' interests in share options

	Date of grant	Options held at 1.1.04	Exercised / lapsed during 2004	Options held at 31.12.04	Exercise period from	Exercise period to	Exercise price (p)	Market price at date of exercise (p)	Total gain on exercise
Clive Hollick									
MAI Executive Schemes	13.10.94	44,800	44,800	0	13.10.97	13.10.04	374.219	473.25	£44,365
1994 Executive Scheme	16.09.96	153,455	–	153,455	16.09.99	16.09.06	686.000		
2000 Scheme	18.12.00	152,500	–	152,500	18.12.03	18.12.10	843.000		
	18.12.00	152,500	–	152,500	18.12.04	18.12.10	843.000		
	08.05.01	152,500	–	152,500	08.05.04	08.05.11	724.800		
	08.05.01	152,500	–	152,500	08.05.05	08.05.11	724.800		
	19.12.01	150,000	–	150,000	19.12.04	19.12.11	529.000		
	19.12.01	150,000	–	150,000	19.12.05	19.12.11	529.000		
	22.08.02	250,000	–	250,000	22.08.05	22.08.12	277.200		
	22.08.02	250,000	–	250,000	22.08.06	22.08.12	277.200		
	09.04.03	120,000	–	120,000	09.04.06	09.04.13	247.250		
United SAYE Scheme	01.11.96	1,464	1,464	0	01.02.04	01.08.04	532.600		
	31.10.97	616	–	616	01.02.05	01.08.05	632.700		
	10.04.03	5,880	–	5,880	01.06.06	01.12.06	160.480		
Charles Gregson									
MAI Executive Schemes	13.10.94	44,800	44,800	0	13.10.97	13.10.04	374.219	490.11	£51,919
1994 Executive Scheme	16.09.96	69,252	–	69,252	16.09.99	16.09.06	686.000		
2000 Scheme	18.12.00	52,500	–	52,500	18.12.03	18.12.10	843.000		
	18.12.00	52,500	–	52,500	18.12.04	18.12.10	843.000		
	08.05.01	52,500	–	52,500	08.05.04	08.05.11	724.800		
	08.05.01	52,500	–	52,500	08.05.05	08.05.11	724.800		
	19.12.01	75,000	–	75,000	19.12.04	19.12.11	529.000		
	19.12.01	75,000	–	75,000	19.12.05	19.12.11	529.000		
	22.08.02	125,000	–	125,000	22.08.05	22.08.12	277.200		
	22.08.02	125,000	–	125,000	22.08.06	22.08.12	277.200		
	09.04.03	120,000	–	120,000	09.04.06	09.04.13	247.250		
	05.04.04	–	–	65,000	05.04.07	05.04.14	500.670		
United SAYE Scheme	15.12.98	655	655	0	01.02.04	01.08.04	514.800		
	10.04.03	8,187	–	8,187	01.06.08	01.12.08	160.480		
	08.04.04	–	–	793	01.06.09	30.11.09	412.270		
Malcolm Wall									
2000 Scheme	18.12.00	76,000	–	76,000	18.12.03	18.12.10	843.000		
	18.12.00	76,000	–	76,000	18.12.04	18.12.10	843.000		
	08.05.01	76,000	–	76,000	08.05.04	08.05.11	724.800		
	08.05.01	76,000	–	76,000	08.05.05	08.05.11	724.800		
	19.12.01	75,000	–	75,000	19.12.04	19.12.11	529.000		
	19.12.01	75,000	–	75,000	19.12.05	19.12.11	529.000		
	22.08.02	125,000	–	125,000	22.08.05	22.08.12	277.200		
	22.08.02	125,000	–	125,000	22.08.06	22.08.12	277.200		
	09.04.03	120,000	–	120,000	09.04.06	09.04.13	247.250		
	05.04.04	–	–	65,000	05.04.07	05.04.14	500.670		
United SAYE Scheme	20.04.01	1,587	1,587	0	01.06.04	01.12.04	488.300		
	08.04.04	–	–	457	01.06.07	30.11.07	412.270		
Nigel Wilson									
2000 Scheme	08.08.01	104,000	–	104,000	08.08.04	08.08.11	595.700		
	08.08.01	104,000	–	104,000	08.08.05	08.08.11	595.700		
	19.12.01	75,000	–	75,000	19.12.04	19.12.11	529.000		
	19.12.01	75,000	–	75,000	19.12.05	19.12.11	529.000		
	22.08.02	125,000	–	125,000	22.08.05	22.08.12	277.200		
	22.08.02	125,000	–	125,000	22.08.06	22.08.12	277.200		
	09.04.03	120,000	–	120,000	09.04.06	09.04.13	247.250		
	05.04.04	–	–	65,000	05.04.07	05.04.14	500.670		
United SAYE Scheme	10.04.03	11,060	–	11,060	01.06.10	01.12.10	160.480		

Directors' interests in share options

Options granted in the 2000 Scheme are subject to the performance conditions described on page 38. Options granted to Clive Hollick and Charles Gregson under the United 1994 Executive Scheme are subject to a performance condition which requires EPS growth to exceed the increase in UK Retail Price Index by an average of 2 percent per annum over a three year period. At the time of setting up the 1994 Executive Scheme this performance measure was in line with existing market practice. The performance condition has been met in respect of all outstanding options held by these executive directors under United 1994 Executive Scheme, which are consequently fully vested. All options were granted at market value and for no consideration.

Options granted to Clive Hollick and Charles Gregson under the MAI Executive Schemes are not subject to any performance conditions; at the time these schemes were established it was not customary to require performance conditions. All options were granted at market value of the corresponding MAI shares at the date of grant and were converted into options over shares in the company upon the merger of the company and MAI in 1996. No consideration was payable for the grant of options under these schemes.

Options granted under the United SAYE scheme are not subject to performance conditions as these are all-employee schemes.

During 2004 the committee reviewed its policy on re-testing of performance conditions and removed the re-testing provisions for option grants made under the 2000 Scheme after February 2004. There have been no other variations in the terms and conditions of scheme interests during the year.

Senior Executive Equity Participation Plan

	B shares / options at 01.01.04+	Ordinary shares / options at 01.01.04+	Ordinary shares / options granted in 2004	B shares / options exercised or lapsed in 2004	Ordinary shares / options exercised or lapsed in 2004	B shares / options at 31.12.04+	Ordinary shares / options at 31.12.04+	Exercisable from	Expiry date	Market value†	Gain on exercise
Clive Hollick	20,117	26,516*	–	20,117	26,516**	0	0	17.03.01	29.06.07	n/a	£122,670
	34,038	44,868*	–	0	0	34,038	44,868	18.03.02	29.06.07	£191,076	n/a
	33,354	43,966*	–	33,354‡	43,966‡	0	0	n/a	n/a	n/a	£61,786
Charles Gregson	4,994	6,582*	–	4,994	6,582**	0	0	17.03.01	29.06.07	n/a	£30,451
	15,152	19,972*	–	0	0	15,152	19,972	18.03.02	29.06.07	£85,055	n/a
	9,398	12,388*	–	0	0	9,398	12,388	08.03.03	29.06.07	£52,756	n/a
	2,335	3,076*	–	1,557‡	1,026‡	778	2,050	03.03.04	29.06.10	£4,364	n/a
	–	23,850*	–	–	0	–	23,850	08.05.05	08.05.11	£57,240	n/a
	–	5,500*	–	–	0	–	5,500	16.04.06	16.04.12	£13,200	n/a
	–	121,836*	–	–	0	–	121,836	11.04.07	11.04.13	£292,406	n/a
	–	–	80,924*	–	0	–	80,924	24.03.08	24.03.14	£194,218	n/a
Nigel Wilson	–	59,796	–	–	0	–	59,796	11.04.07	11.04.13	£143,510	n/a
	–	–	66,248	–	0	–	66,248	24.03.08	24.03.14	£158,995	n/a
Malcolm Wall	–	–	28,598	–	0	–	28,598	24.03.08	24.03.14	£68,635	n/a

Awards becoming exercisable on or after 3 March 2004 were granted under the 2000 SEEPP, which is described on page 39. Awards becoming exercisable prior to 3 March 2004 were granted under the 1996 SEEPP, which operates in a similar manner to the 2000 SEEPP, except that the matching awards are subject to a longer vesting period (up to 7 years) but no performance conditions are attached. At the time the 1996 SEEPP was established, it was not customary to attach performance conditions to matching awards.

Notes:

* The directors gave up cash bonuses that would otherwise have been receivable by them in order to receive awards under the SEEPP. For Clive Hollick and Charles Gregson, the bonus was paid to each individual's Funded Unapproved Retirement Benefit Scheme ("FURBS") and used by the FURBS Trustees to purchase shares from the SEEPP Trustees at full market value. A matching award was granted over an equal number of shares. The table shows the total bonus shares and matching awards. The bonus shares are included in the directors' beneficial interest in shares shown on page 43. The amount used to purchase the bonus shares was included in the director's reported remuneration for the year in which the award was made.

** Following exercise of the matching awards, the bonus shares cease to have any restrictions attached to them and are no longer considered to form part of the director's SEEPP interests.

\+ The SEEPP bonus shares/options and matching awards were adjusted to reflect the capital reorganisation which took place on 23 April 2001, whereby every shareholder received 44 B shares and 29 new ordinary shares in place of every 44 ordinary shares previously held.

‡ The performance condition was not met for awards made in 2000 and consequently two thirds of the matching options under these awards lapsed during 2004.

† The market value of the matching awards is calculated at 480 pence per share, the closing mid market price on 31 December 2004, and 245 pence per B share.

Medium Term Incentive Plan

	Date of Grant	Options held at 01.01.04	Exercised / lapsed during 2004	Options held at 31.12.04	Exercisable from	Expiry date	Market value	Gain on exercise
Clive Hollick	25.03.04	–	–	91,935	01.01.06	25.03.11	£441,288	n/a
Charles Gregson	25.03.04	–	–	42,503	01.01.06	25.03.11	£204,014	n/a
Malcolm Wall	25.03.04	–	–	18,329	01.01.06	25.03.11	£87,979	n/a
Nigel Wilson	25.03.04	–	–	42,641	01.01.06	25.03.11	£204,677	n/a

The MTIP is described on page 37. The market value of MTIP options is calculated at 480 pence per share, the closing mid market price on 31 December 2004.

Directors' interests in shares

The interests of the directors in ordinary shares (all of which are beneficial) are shown as at 1 January 2004 (or date of appointment if later), and at 31 December 2004.

Director	Ordinary shares at 01.01.04	Ordinary shares at 31.12.04	SEEPP Bonus shares at 1.1.2004	SEEPP Bonus shares at 31.12.2004
Clive Hollick	703,794	785,434	–	–
Charles Gregson	420,694	425,622	–	–
Malcolm Wall	12,427	14,014	0	14,299
Nigel Wilson	19,449	19,449	29,898	63,022
John Botts	10,637*	12,661*	–	–
Christopher Hyman	0	815*	–	–
Jonathan Newcomb	6,532*	8,556*	–	–
Chris Powell	11,317*	13,341*	–	–
Adair Turner	8,660*	10,684*	–	–
Geoff Unwin	39,789*	60,032*	–	–

* Interests of non-executive directors include provisional allocations of shares by way of remuneration as described on page 37.

As at 31 December 2004 the Trustees of the United Business Media ESOP Trust and the Qualifying Employee Share Trust held 2,066,589 ordinary shares (2003: 1,194,044) and 279,484 B shares (2003: 329,484) and options over 728,463 ordinary shares (2003: 623,593) and 140,960 B shares (2003: 397,094). Under paragraph 2 of schedule 13 to the Companies Act 1985 the executive directors are deemed to be interested in these shares and options.

The minimum price of ordinary shares during the year was 408.5 pence and the maximum price was 574.5 pence.

Changes in directors' interests since 31 December 2004

There have been no changes to the interests of directors in UBM shares nor in options over UBM shares between 31 December 2004 and 24 February 2005.

This report was approved by the board and signed on its behalf by Chris Powell.

24 February 2005

Corporate Governance Statement

Introduction

Following publication of the Higgs Report in January 2003, the Financial Services Authority introduced a new Combined Code on corporate governance which came into effect for financial periods commencing on or after 1 November 2003. This report explains the manner in which the company has applied the principles of the Combined Code, as set out in more detail below.

The Board

The board has overall responsibility to shareholders for the management of the group. The primary function of the board is to set the group's strategy and to oversee the effective implementation of that strategy. A formal schedule of matters to be considered by the board is in place and is reviewed annually. The board is responsible for matters such as the annual budget (including capital expenditure), major acquisitions and disposals, succession planning, investment strategy, dividend policy, substantial property transactions, and the group's system of internal controls. Decisions on operational matters are delegated to the executive directors. There is an established agenda of items to be considered at board meetings which provides regular updates on the group's finances, operations, strategy and development. The board also receives presentations from executive directors and from divisional management and other senior executives on specific issues. The chairman meets separately with the chief executive on a regular basis and other informal meetings and discussions take place between directors as appropriate. The board receives monthly written reports from the chief executive, chief financial officer and chief operating officer as well as management accounts and other financial information. The board met formally on seven occasions during 2004; details of individual attendance by directors at board and committee meetings are set out in the table below.

	Board	Audit Committee	Remuneration Committee	Nomination Committee
		(attendance is shown only for committee members)		
Geoff Unwin	7			4
Clive Hollick	7			
Charles Gregson	7			
Malcolm Wall	7			
Nigel Wilson	7			
John Botts	7	4		4
Christopher Hyman	3 (of 5)	0 (of 2)		
Jonathan Newcomb	7	2 (of 4)	5	
Chris Powell	7		6	4
Adair Turner	7	4	6	
Fields Wicker-Miurin	2 (of 2)	2 (of 2)		

Board committees

The board is assisted in fulfilling its responsibilities by three principal committees, the audit, remuneration and nomination committees. Details of the activities of the audit committee are set out in a separate report on page 46 while those of the remuneration committee are set out in the remuneration report on pages 36 to 43.

The terms of reference for all committees were reviewed and updated during the year. These may be viewed on the company's website and copies can be obtained from the company secretary, who acts as secretary to all three committees.

Nomination committee

The nomination committee is chaired by Geoff Unwin and its other members are John Botts and Chris Powell. The committee meets as required to review the structure, size and composition of the board and to oversee the recruitment of new board members, both executive and non-executive. During 2004 the committee undertook a considerable workload in respect of succession planning for the role of chief executive as well as recruiting new non-executive directors. In addition to its four formal meetings, committee members undertook numerous other meetings and telephone discussions as well as interviewing prospective candidates.

The process of recruiting a new chief executive was initiated by the committee which drafted and agreed a specification for the role. Following consideration of a number of firms, external consultants were then selected to assist in the recruitment process. A large number of external and internal candidates were interviewed by the consultants and by the committee before selecting a shortlist of candidates who were interviewed by all non-executive directors.

A similar process was followed in respect of the recruitment of non-executive directors, where external consultants were engaged to identify suitable candidates in line with a specification produced by the committee. Potential candidates were then interviewed by the committee. The process has resulted in the appointment of two new independent non-executive directors, Christopher Hyman in May 2004 and Sandy Leitch in January 2005.

Board balance and independence

During 2004 there were ten board members in total, comprising the chairman (part-time), chief executive, three other executives and five non-executive directors. That number has increased to eleven with the appointment of a sixth non-executive director, Sandy Leitch, in January 2005. John Botts is the senior independent non-executive director. The board believes that a strong presence of non-executive directors is a key aspect of effective corporate governance. The board assesses and periodically reviews the independence of its non-executive directors; in doing so it has regard to the personal qualities demonstrated by each director, particularly the nature and effectiveness of his contribution to debate at board and committee meetings. The board has taken particular note of those factors which are listed in the Combined Code as possibly affecting the independence of directors, which are relevant to two directors. In both cases the board has concluded that these factors do not affect the independence of the individual director concerned. Adair Turner is a vice-chairman of Merrill Lynch Europe; this role is unconnected with the services provided by Merrill Lynch as one of the company's brokers. Chris Powell will have served as a director of the company for nine years in April; the board wishes to retain his services both as board member and as chairman of the remuneration committee in order to provide continuity following the arrival of the new group chief executive, and accordingly he will be proposed for re-election at the forthcoming annual general meeting and annually thereafter if appropriate. Biographies of all the directors currently in office are set out on pages 16 and 17 and illustrate their range of experience.

Under the company's articles of association, at each annual general meeting any director then in office who has been appointed by the board since the previous annual general meeting and any director who at the date of the notice convening the meeting had held office for more than thirty months since he was last appointed or re-appointed by the company in general meeting shall retire from office but is eligible for re-appointment. Non-executive directors' appointments are reviewed every three years.

The roles of chairman and chief executive are separate, and a summary of their respective responsibilities is set out in writing and has been approved by the board.

The chairman is responsible for overseeing the operation of the board but takes no part in the day to day running of the business. Prior to his appointment as chairman, Geoff Unwin was an independent non-executive director of the company. He is also chairman of Halma plc and Liberata plc, is a member of the advisory board of Hartwell plc and a non-voting director on the board of Cap Gemini. He was previously chairman of Trigenix Limited but relinquished this role during 2004.

Board evaluation

Evaluations of the performance of the board, its committees and individual directors were undertaken in 2004 by the following means:-

- The chairman's performance was evaluated by the non-executive directors in a meeting led by the senior independent director.
- Executive directors were evaluated by the chief executive as part of the annual appraisal process in place for all employees; the chief executive's appraisal was conducted by the chairman.
- Performance reviews in respect of those non-executive directors proposed for re-election at the 2004 annual general meeting were conducted by the chairman in "one-to-one" discussions with other board members. For those directors subject to re-election at this year's annual general meeting, a written assessment has been completed by all directors and the results collated and reported back to the board by the chairman.
- To enable the board to evaluate its own performance and that of its committees, all directors completed a detailed questionnaire and commentary on a confidential basis, the results being collated and reported back to the board by the company secretary.

Information and professional development

A procedure exists whereby directors may seek independent professional advice if they consider it appropriate to do so in the furtherance of their duties.

All directors have access to the advice and services of the company secretary, who has primary responsibility for keeping directors updated and informed of general developments which may be of relevance to their responsibilities. The company secretary is not a board director. All directors are offered the opportunity to further their professional development by means of attendance at seminars and briefings. An induction process is in place for all directors on appointment; this includes discussions with the chairman and chief executive as well as briefings from other directors and senior management on matters relating to the group's businesses and procedures. Non-executive directors are encouraged to meet with members of senior management on an individual basis and to visit the group's operations.

All board members also participate in the group's annual management conference which is attended by senior divisional and head office executives and affords a valuable opportunity for discussion of the group's strategy and its businesses.

Relations with shareholders

The company's shareholders are kept informed about the activities and progress of the group primarily by means of the annual and interim reports, and by the publication of updated trading information prior to the start of each close period and at the annual general meeting. Other performance indicators for specific businesses are also published periodically. Financial and other information about the company is published on its website, which has links to the websites of other businesses in the group.

The company maintains an ongoing dialogue with its major institutional shareholders by means of meetings and presentations as appropriate. These are generally undertaken by the chief executive, chief financial officer, chief operating officer and director of communications and may be attended if appropriate by the chairman or senior independent director. The chairman is responsible for ensuring that the views of shareholders are communicated to other directors. Feedback from investor meetings is provided to all directors, as are analysts' and brokers' reports. An independent survey of investors is also carried out periodically by the company's external IR consultants and the results presented by them to the board.

Consultation is undertaken with bodies representing shareholders' interests on matters which the company considers appropriate. All shareholders are welcome at the annual general meeting where they have the opportunity to ask questions of all the directors, including the chairman, as well as the chairmen of the audit and remuneration committees.

Internal control

The board is responsible for maintaining the effectiveness of the group's system of internal controls and for reviewing the effectiveness of such systems. The system is intended to enable the group to identify and manage the risks inherent in its business and accordingly can provide only reasonable and not absolute assurance against material mis-statement or loss.

A formal process is in place for identifying, evaluating and managing the key financial, operating and compliance risks faced by the group. This risk mapping process, which was in place throughout 2004 and continues in force, accords with the Turnbull guidance issued in September 1999 and is reviewed annually by the board. The process, which is undertaken at a divisional level, aims to identify and evaluate risks which are specific to each of the group's businesses. The results are co-ordinated by the internal audit department, reviewed centrally by senior management, and considered by the audit committee, which in turn reports to the board. The process established for the group includes the following:-

- All staff are required to comply with a formal system of delegated authorities which is in place for all divisions and head office.
- Further guidance on group policies and procedures is set out in various manuals including the financial policies and procedures manual, group policy manual and employee handbooks.
- An anti malpractice policy is in place throughout the group which provides a mechanism for confidential reporting by staff of possible concerns about financial or other matters.
- Treasury operations and taxation matters are considered by the finance committee, a management committee which operates within specified delegated authorities and reports to the board. Meetings are customarily attended by the chief executive, chief financial officer, deputy CFO, company secretary, head of taxation and head of treasury.
- The group has a comprehensive financial reporting system, with the annual budget being approved by the board and monthly trading results, balance sheets and cashflow summaries recorded against corresponding figures for the budget and the previous year.
- The chief executive and chief financial officer are responsible for certifying the company's annual financial statements, which process is supported by certification for the individual businesses from divisional CEOs and finance directors. This process is supported by a disclosure committee, chaired by the company secretary, which reviews the information contained in the company's financial statements and results presentations, and the method by which such information is gathered and evaluated by senior management.
- Established procedures are in place for the evaluation of potential acquisitions and their integration into the group, including the provision of detailed business plans and monitoring of post acquisition performance against such plans.
- The internal audit department undertakes periodic reviews of individual businesses to assess their control status and makes recommendations to the audit committee. The work of the internal audit department is prioritised to concentrate on the areas of greatest risk as identified through the group risk management process. The head of internal audit attends meetings of the audit committee, which oversees the role and structure of the internal audit department and makes recommendations to management.

Compliance with Combined Code

The foregoing statement sets out the manner in which the company has applied the principles of the Combined Code. The company considers that it complies with the provisions of section 1 of the Combined Code, save in relation to the requirement for non-executive directors (and specifically the senior independent director) to meet major shareholders. The board considers that it is appropriate to have in place a clearly defined process for communication with its shareholders as outlined above. During the year no requests were received from shareholders to meet with non-executive directors and no such meetings were offered. The board's views on the independence of non-executive directors are also set out on page 45.

THE AUDIT COMMITTEE

The audit committee is chaired by Adair Turner and its other members are John Botts, Jonathan Newcomb and Christopher Hyman, all of whom are independent non-executive directors. Fields Wicker-Miurin, also an independent non-executive director, was a member of the committee until her retirement from the board in May 2004. The committee meets at least four times a year; it met four times during 2004 and details of individual attendance are set out in the table on page 44. Members of the committee have broad financial experience which has been gained in a variety of disciplines, and which the board considers appropriate to enable the committee to carry out its responsibilities. The company secretary is secretary to the committee and others invited to attend committee meetings include the chief financial officer, deputy CFO, head of internal audit, head of taxation and the external auditors. The committee chairman also meets at least once a year with external auditors without management present.

The committee operates within written terms of reference. Its responsibilities include the following:-

- Review of the interim and annual financial statements and other formal announcements relating to financial performance.
- Review of the adequacy of the group's internal central and risk management processes, and of the company's disclosure on internal controls and procedures.
- The appointment, remuneration and oversight of the external auditor, including monitoring the auditor's independence and objectivity and the effectiveness of the audit process.
- Review of the internal audit programme, ensuring that the internal audit function is adequately resourced and has appropriate standing within the company and generally monitoring its effectiveness.
- Ensuring that procedures are in place to deal with complaints regarding accounting or audit matters.

To assist in ensuring auditor objectivity and independence, the audit committee has established a formal procedure regarding the undertaking of non-audit services by the external auditor, which identifies a number of categories of work where the auditors will not normally be employed, including financial due diligence on potential acquisitions and financial systems consultancy. Appointment of the external auditor for other non-audit services may only be made with the prior approval of the audit committee. Approval for projects with anticipated fees not exceeding specified limits is delegated to the chief financial officer or deputy CFO and is reported to the committee.

A review of auditor effectiveness and independence has also been conducted by executive management, following the guidelines established by the ICAEW and ICAS, and considered by the committee.

Independent Auditors' Report to the Members of United Business Media plc

We have audited the group financial statements for the year ended 31 December 2004 which comprise the Profit and Loss Account, the Balance Sheets of the group and company, the group Cash Flow Statement, the Statement of Group Total Recognised Gains and Losses, the Reconciliation of Movements in Group Shareholders' Funds and the related notes 1 to 34. These financial statements have been prepared on the basis of the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having being audited.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the group is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the 2003 FRC Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Report of the Directors, the unaudited part of the Directors' Remuneration Report, the Chairman's Statement, Chief Executive's Review, Operating Review, Financial Review, Board of directors, Five Year Financial Summary, Financial Calendar, Shareholder Information and Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remunerations Report to be audited.

Opinion

In our opinion

- the financial statements give a true and fair view of the state of affairs of the company and of the group as at 31 December 2004 and of the profit of the group for the year then ended; and
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985.

The maintenance and integrity of the UBM plc web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Ernst & Young LLP
Registered Auditor
London

Report of the Directors

The directors present their report and the audited financial statements for the year ended 31 December 2004.

Activities, business review and development

During 2004 the group's principal activities were in the areas of market research, news distribution and professional media, as illustrated on pages 18 to 33. The operating review on pages 12 and 13 and the financial review on pages 14 and 15 contain details of the performance of the group and its divisions during the year and give an indication of future developments.

Results for the year and dividends

The results for the year are set out in the group profit and loss account on page 50. After accounting for dividends totalling £40.6 million (including the proposed dividend of £40.2 million and an accrued LIBOR related B share dividend of £0.4 million), the balance to be transferred to reserves is £70.7 million. The directors recommend a final dividend of 8.37 pence per share for the year ended 31 December 2004 to be paid on 26 May 2005 to those shareholders on the register on 29 March 2005. An interim dividend of 3.63 pence per share was paid on 21 October 2004, making a total for the year of 12.0 pence (2003 : 9.00 pence).

A dividend of 8 pence per B share will be paid on 25 April 2005 to holders of B shares on the register on 29 March 2005.

Directors and their interests

Biographical details of the directors in office as at 24 February 2005 are set out on pages 16 and 17. The following directors held office during the year:

Geoff Unwin, Clive Hollick, John Botts, Charles Gregson, Christopher Hyman, Jonathan Newcomb, Chris Powell, Adair Turner, Malcolm Wall, Nigel Wilson and Fields Wicker-Miurin. Sandy Leitch was appointed as a non-executive director on 11 January 2005.

Jonathan Newcomb and Chris Powell will retire from the board in accordance with the company's articles of association at the annual general meeting and, being eligible to do so, will stand for re-election. Christopher Hyman and Sandy Leitch, both of whom have been appointed to the board since the last annual general meeting, will be proposed for election. None of the aforementioned directors standing for election or re-election has a service contract and all are considered by the company to be independent.

The interests of the directors in office at 31 December 2004 in the shares of the company and its subsidiary undertakings are set out in the remuneration report on page 43.

No director had a material interest in any contract other than a service contract with the company or any subsidiary at any time during the year.

On 16 December 2004 the company announced that David Levin would be appointed to the board as chief executive on 5 April 2005 to succeed Clive Hollick, who is due to retire from the board in May 2005. In accordance with the company's articles David Levin will stand for election to the board at the forthcoming annual general meeting. His service contract is terminable by either party on 12 months' notice; biographical information is included in the notice of meeting.

Changes in share capital

The issued share capital of the company at 1 January 2004 was 335,826,153 ordinary shares of 25 pence each, and 6,212,819 B shares of 8 23/44th pence each. The ordinary shares and B shares are listed on the London Stock Exchange.

During the year 293,712 ordinary shares were issued in connection with the exercise of options under the company's share option schemes. 55,791 ordinary shares were issued to Clive Hollick in respect of his sale of shares in Meridian Broadcasting Limited and a further 9,672 ordinary shares were issued to Fields Wicker-Miurin on her retirement from the board. The company also repurchased 766,030 B shares with a nominal value of £0.07 million for consideration of £1.9 million and cancelled them under the provisions of the Companies Act.

The issued share capital of the company at 31 December 2004 was 336,185,328 ordinary shares of 25 pence each and 5,446,789 B shares of 8 23/44th pence each.

At the annual general meeting held on 6 May 2004, shareholders authorised the company to purchase up to 33,582,615 ordinary shares and up to 6,212,819 B shares. These authorities were still valid at 31 December 2004 and will expire at the conclusion of the annual general meeting to be held on 12 May 2005. Resolutions to renew them will be put to shareholders at that meeting.

American Depositary Receipts

The company's ordinary shares are traded in the USA on the NASDAQ in the form of American Depositary Receipts ("ADRs"). One ordinary share represents one ADR. Less than 0.2 percent of the company's issued ordinary share capital is held in the form of ADRS. In December 2004 the company gave notice to its ADR holders of its intention to terminate the ADR programme and to cancel its listing on NASDAQ. These events will take effect on 22 March 2005, following which ADR holders will have a period of sixty days in which to exchange their ADRs for ordinary shares. In respect of those ADRs still outstanding at 20 May 2005, the underlying shares will be sold in the market and the net proceeds returned to the relevant holders.

Employee involvement

Communication with employees is maintained through various means, including annual appraisals, divisional intranets, newsletters, staff surveys and meetings.

2004 saw the launch of a group-wide process to develop and formalise the group's corporate values. Staff from UBM subsidiary companies participated in a series of focus groups. These meetings facilitated discussion of a range of views on the principles by which UBM operates and the values by which the group wishes to be recognised.

A steering group consisting of senior managers representing all group businesses reviewed this feedback, and from it developed a set of corporate values which have been communicated to all staff worldwide. Task forces have been established to co-ordinate the ongoing communication of the group's values by various means, including newsletters and a dedicated website.

Employee turnover across all parts of the group was closely monitored over the course of the year to ensure continuing recruitment of employees with relevant skills and experience. Selection of new and promoted employees is determined on their aptitude, skills and ability to do the job. The group remains committed to the principles of allowing employees to work flexibly to meet their personal circumstances where at all possible and this has been a powerful tool in recruitment and retention of staff. In the case of employees becoming disabled during employment, every effort is made to enable them to continue in employment, including retraining if appropriate.

The company continues to work with the Work Foundation, which it joined as a corporate partner during 2003, and other relevant organisations such as Opportunity Now and the Corporate Leadership Council. Membership of these organisations affords employees the opportunity to attend training workshops and take part in projects which broaden their knowledge base, as well as enabling the company to share ideas and to develop effective networks with other employers.

The importance of developing and retaining a diverse workforce, and providing leadership development opportunities and management skills training continued to be given priority in 2004 at subsidiary level. During 2005, the company also plans to launch a leadership development event. This programme has been developed using feedback from the successful UBM High Potential staff training previously run in 2001/2. It will be targeted towards 16 of UBM's high potential executives who are viewed to be capable of being future UBM business leaders.

Corporate Social Responsibility

The importance of corporate social responsibility is recognised at all levels throughout the group. UBM aims to treat all stakeholders fairly and is committed to pursuing responsible employment policies and to supporting the community.

The group continues to review how best to co-ordinate and develop its reporting of issues regarding corporate social responsibility, particularly given the diverse nature of its businesses. The group-wide values initiative which is described in more detail on page 48 has now been launched across the group and will provide the basis for developing awareness of social, ethical and environmental issues.

The board takes account of such issues via the operational reports which it receives from the group's businesses and the group risk mapping process described on page 46 is the principal mechanism by which it identifies and assesses risks to value which may arise from these issues.

The company is a member of the Media CSR Forum, a group of leading media organisations which aims to raise the standards of corporate social responsibility within the sector and to define the particular impacts and responsibilities of media companies. The Forum published its key issues document in February 2004, which was followed by a more detailed consultation with stakeholders. Through its membership of the Forum, the company aims to develop with stakeholders the issues raised in that consultation.

Community involvement is encouraged at group and divisional level through payroll giving and matched funding schemes which were actively promoted, in conjunction with the Charities Aid Foundation, during 2004. Staff are encouraged to lend support to projects which benefit the communities in which the group's businesses operate.

The group's principal environmental impact arises from energy consumption, which is monitored and reduction targets set where practicable. A "switch-off" campaign has achieved savings in electricity costs. Recycling initiatives for paper, cardboard, batteries and plastics have enabled further cost savings to be made and have developed staff awareness of recycling issues.

Statement of directors' responsibilities for the financial statements

The directors are required by the Companies Act to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period.

The directors confirm that in preparing the financial statements for the year ended 31 December 2004 the group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements are also published on the United Business Media website; the maintenance and integrity of the website is the responsibility of the directors. Legislation in the United Kingdom governing the preparation and the dissemination of financial statements may differ from legislation in other jurisdictions.

Donations

In 2004 the group donated £503,700 to charitable organisations (2003: £204,000). The group made no political donations during 2004 (2003 : nil). At the annual general meeting held on 6 May 2004 shareholders approved a resolution allowing the company to make EU political donations and expenditure as defined in the Companies Act totalling in aggregate up to £100,000. No such expenditure or donations were made during the year. A resolution to renew this authority will be proposed at this year's annual general meeting.

Substantial shareholdings

As at 24 February 2005 the company had been notified of the following interests of 3 percent or more in its issued ordinary share capital:-

Aviva plc	4.18	Deutsche Bank AG	4.08	Schroders PLC	10.20
AXA S.A.	4.36	Fidelity/FMR Corp	11.29	Scottish Widows	5.41
Barclays PLC	3.99	Legal and General	5.08		

Creditor payment policy

In view of the diversity of its businesses the group does not offer or operate a uniform timetable for payment of suppliers. Each operating company is responsible for agreeing with its own suppliers the terms and conditions on which it will transact business with them, including payment terms. The group's policy is to pay suppliers in accordance with these agreed terms. The company has no trade creditors.

Annual general meeting

The annual general meeting of the company will be held on 12 May 2005. The notice of meeting and a description of the business to be transacted is contained in the accompanying document.

Auditors

Ernst & Young LLP have indicated their willingness to continue in office and a resolution for their re-appointment and on their remuneration will be proposed at the annual general meeting.

By order of the board

Anne Siddell
Secretary

24 February 2005

Registered office:
Ludgate House
245 Blackfriars Road
London
SE1 9UY

Group profit and loss account

for the year ended 31 December 2004

Notes		Before exceptional items 2004 £m	Exceptional items (note 6) 2004 £m	Total 2004 £m	Before exceptional items 2003 £m	Exceptional items (note 6) 2003 £m	Total 2003 £m
	Turnover – group and share of joint ventures						
	Continuing operations	803.8	–	803.8	770.3	–	770.3
1	Less: share of joint ventures' turnover	(24.0)	–	(24.0)	(23.6)	–	(23.6)
		779.8	–	779.8	746.7	–	746.7
	Acquisitions	29.8	–	29.8	–	–	–
1	Group turnover	809.6	–	809.6	746.7	–	746.7
	Group operating profit/(loss)						
	Continuing operations	1.7	–	1.7	(29.1)	–	(29.1)
	Acquisitions	(5.1)	–	(5.1)	–	–	–
	Group operating loss	(3.4)	–	(3.4)	(29.1)	–	(29.1)
5	Share of operating profit in joint ventures and associates						
	Continuing operations	3.7	–	3.7	2.9	–	2.9
	Acquisitions	–	–	–	–	–	–
		3.7	–	3.7	2.9	–	2.9
4	Income from other fixed asset investments	6.0	–	6.0	3.9	–	3.9
1	Total operating profit/(loss)	6.3	–	6.3	(22.3)	–	(22.3)
6	Additional profit on prior year disposals	–	18.9	18.9	–	–	–
6	Amounts written off investments	–	(11.7)	(11.7)	–	–	–
	Profit/(loss) on ordinary activities before interest	6.3	7.2	13.5	(22.3)	–	(22.3)
7	Net interest income	12.5	–	12.5	9.4	–	9.4
31	Other finance expense	(3.4)	–	(3.4)	(5.5)	–	(5.5)
2	Profit/(loss) on ordinary activities before tax	15.4	7.2	22.6	(18.4)	–	(18.4)
8	Tax on profit/(loss) on ordinary activities	(30.8)	–	(30.8)	(22.7)	–	(22.7)
6	Exceptional taxation credit	–	121.0	121.0	–	–	–
	Profit/(Loss) on ordinary activities after tax	(15.4)	128.2	112.8	(41.1)	–	(41.1)
	Equity minority interests	(1.5)	–	(1.5)	(0.3)	–	(0.3)
	Profit/(loss) for the financial year	(16.9)	128.2	111.3	(41.4)	–	(41.4)
10	Dividends – equity			(40.2)			(30.2)
	– non-equity			(0.4)			(0.4)
				(40.6)			(30.6)
25	Retained profit/(loss) for the financial year			70.7			(72.0)
	Earnings/(loss) per share						
11	– adjusted			32.6p			23.9p
11	– basic			33.2p			(12.5)p
11	– diluted			29.6p			(12.5)p

Balance sheets

at 31 December 2004

Notes		Group 2004 £m	As restated Group 2003 £m	Company 2004 £m	Company 2003 £m
	Fixed assets				
12	Intangible assets	495.8	430.8	–	–
13	Tangible assets	50.1	54.5	–	–
14	Investments in subsidiary undertakings	–	–	3,349.8	3,373.4
	Investments in joint ventures:				
	– share of gross assets	16.6	16.7	–	–
	– share of gross liabilities	(7.8)	(5.5)	–	–
14	Investments in joint ventures	8.8	11.2	–	–
14	Investments in associated undertakings	1.9	0.2	–	–
14	Other investments	146.8	168.9	–	–
		703.4	665.6	3,349.8	3,373.4
	Current assets				
15	Stocks and work in progress	22.8	20.4	–	–
16	Debtors	198.0	158.5	141.9	118.3
17	Short term liquid funds	234.2	425.2	–	–
	Cash at bank and in hand	144.6	185.9	0.3	0.2
		599.6	790.0	142.2	118.5
18	Creditors: amounts falling due within one year	(668.1)	(1,076.6)	(34.2)	(246.6)
	Net current (liabilities)/assets	(68.5)	(286.6)	108.0	(128.1)
	Total assets less current liabilities	634.9	379.0	3,457.8	3,245.3
	Creditors: amounts falling due after more than one year				
19	Bank and other loans	(96.1)	(101.9)	(130.2)	(138.2)
20	Other creditors	(4.6)	(5.4)	(1,999.4)	(1,680.1)
21	Convertible debt	(208.7)	–	–	–
		(309.4)	(107.3)	(2,129.6)	(1,818.3)
23	Provisions for liabilities and charges	(50.0)	(63.1)	–	–
	Net assets excluding pension liability	275.5	208.6	1,328.2	1,427.0
31	Pension liability	(95.2)	(83.9)	–	–
	Net assets including pension liability	180.3	124.7	1,328.2	1,427.0
	Capital and reserves				
24	Called up share capital	84.5	84.5	84.5	84.5
25	Share premium account	310.8	309.4	310.8	309.4
25	Merger reserve	31.3	31.3	–	–
25	Other reserves	156.0	160.1	126.2	126.2
25	Profit and loss account	(404.5)	(461.6)	806.7	906.9
	Shareholders' funds (including non-equity interests)	178.1	123.7	1,328.2	1,427.0
	Equity minority interests	2.2	1.0	–	–
	Capital employed	180.3	124.7	1,328.2	1,427.0
	Equity shareholders' funds	177.6	123.2	1,327.7	1,426.5
	Non-equity shareholders' funds	0.5	0.5	0.5	0.5
	Shareholders' funds	178.1	123.7	1,328.2	1,427.0

These financial statements were approved by a duly appointed and authorised committee of the Board of Directors on 24 February 2005 and were signed on its behalf by:

Geoff Unwin Director

Clive Hollick Director

Group cash flow statement

for the year ended 31 December 2004

Notes		2004 £m	2003 £m
27	Net cash inflow from operating activities	107.1	84.6
	Dividends received from joint ventures and associated undertakings	4.0	2.1
	Returns on investments and servicing of finance		
	Interest received	27.4	20.5
	Interest paid	(19.6)	(18.2)
	Dividends paid to minority shareholders	–	(1.3)
	Dividends paid to non-equity shareholders	(0.4)	(0.6)
	Income from other fixed asset investments	5.6	5.4
	Net cash inflow from returns on investments and servicing of finance	13.0	5.8
	Taxation		
	UK corporation tax received	1.0	8.9
	Overseas tax paid	(11.0)	(0.5)
	Taxation (paid)/received	(10.0)	8.4
	Capital expenditure and financial investment		
	Purchase of tangible fixed assets	(8.5)	(6.9)
	Proceeds from sale of tangible fixed assets	1.9	–
	Proceeds from sale of investments	3.0	10.3
	Increase in investments	–	(5.4)
	Investment in own shares – ESOP	(4.1)	–
	Net cash outflow from capital expenditure and financial investment	(7.7)	(2.0)
	Acquisitions and disposals		
	Purchase of subsidiary undertakings and businesses	(199.9)	(138.3)
	Net cash acquired with subsidiary undertakings and businesses	9.7	8.4
	Investments in joint ventures and associated undertakings	(1.7)	–
	Net cash outflow from acquisitions and disposals	(191.9)	(129.9)
	Equity dividends paid to shareholders	(31.2)	(24.4)
	Net cash outflow before use of liquid resources and financing	(116.7)	(55.4)
	Management of liquid resources		
	Sale of current asset investments	176.6	134.9
	Decrease/(increase) in short term deposits	169.5	(103.3)
	Net cash inflow from management of liquid resources	346.1	31.6
	Financing		
	Proceeds from issue of ordinary share capital	1.5	1.0
	Return of capital to shareholders (including costs)	(1.9)	(3.6)
	(Decrease)/increase in bank loans	(98.9)	21.1
	Repayment of loan notes	–	(1.2)
	Net cash (outflow)/inflow from financing	(99.3)	17.3
	Increase/(decrease) in cash in the year	130.1	(6.5)

Reconciliation of net cash flow to movement in net cash/(debt)	2004 £m	2003 £m
(Decrease)/increase in cash in the year	130.1	(6.5)
Cash outflow/(inflow) from debt	98.9	(19.9)
Cash inflow from decrease in liquid resources	(346.1)	(31.6)
Changes in net cash/(debt) resulting from cash flows	(117.1)	(58.0)
Other non-cash movements	(1.0)	(2.0)
Translation difference	2.8	13.0
Movement in net cash/(debt) in year	(115.3)	(47.0)
Opening net cash	46.5	93.5
Closing net (debt)/cash	(68.8)	46.5

Liquid resources include term deposits and government and corporate securities.

Statement of group total recognised gains and losses

for the year ended 31 December 2004

	2004 £m	2003 £m
Profit / (loss) for the financial year	111.3	(41.4)
Currency translation differences on foreign currency net investments:		
Group	3.6	(20.4)
Joint ventures	(0.5)	(0.1)
Actuarial (loss) / gain recognised in the pension schemes	(14.9)	11.6
Other recognised losses for the year	(11.8)	(8.9)
Total recognised gains / (losses) for the year	99.5	(50.3)
Adjustment for investment in own shares (see note 14)	3.7	–
Total recognised gains / (losses) since last annual report	103.2	(50.3)

The historical cost result is not materially different from the reported profit/(loss) in either year.

Reconciliation of movements in group shareholders' funds

for the year ended 31 December 2004

	2004 £m	As restated 2003 £m
Opening shareholders' funds as reported	123.7	211.3
Adjustment for investment in own shares (see note 14)	–	(4.1)
Opening shareholders' funds – restated	123.7	207.2
Profit / (loss) for the financial year	111.3	(41.4)
Equity dividends	(40.2)	(30.2)
Non-equity dividends on B shares (see note 10)	(0.4)	(0.4)
	194.4	135.2
Other recognised losses relating to the year	(11.8)	(8.9)
New share capital subscribed	1.5	1.0
Own share capital purchased – ESOP	(4.1)	–
Return of capital to shareholders (see note 24 and 25)	(1.9)	(3.6)
Closing shareholders' funds	178.1	123.7

54 Group accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, in accordance with applicable Accounting Standards in the United Kingdom. The financial statements have been prepared on a basis consistent with prior years, except for the adoption of UITF 38 'Accounting for ESOP trusts' (see note 14).

Consolidation

The financial statements include the financial statements of the company and all its subsidiaries, made up to 31 December, or within one week of that date, together with the group's share of the results for the year and of the book values of the net assets and attributable goodwill of joint ventures and associates. The results of subsidiaries and joint ventures and associates acquired or sold during the year are included from or to the effective date of acquisition or disposal.

Turnover

Turnover, which is stated net of trade discounts, VAT and other sales related taxes, is recognised as follows:

Publishing: advertising revenue is recognised on issue of the publication. Revenue from online subscriptions is recognised over the life of the subscription.

Exhibitions: revenue is recognised when the show has been completed. Deposits received in advance are recorded as deferred income in the balance sheet.

Directories: revenue is recognised on the issue of the directory.

Market research: revenue is recognised on a completed contract or completion of agreed milestone basis. Work in progress amounts are recorded in the balance sheet at cost. Syndicated revenues are recognised on completion and any subsequent sales are recognised as they arise.

News distribution: revenue is recognised on message delivery. Revenue from subscriptions is recognised over the life of the subscription.

Goodwill and intangible fixed assets

Purchased goodwill is capitalised as an intangible asset and amortised on a straight-line basis over its estimated useful life, which the directors view as being a period generally between six and twenty years based on the nature, age and stability of the industry in which the business operates. Where a business is sold, or where goodwill is considered to have been impaired, the net book value of goodwill or the amount of impaired goodwill, as applicable, is charged through the profit and loss account as part of the profit or loss on disposal or through operating profit in the year of impairment.

Impairment reviews are carried out at the end of the first full financial year after acquisition and on the occurrence of any event or change in circumstances indicating that there may have been a decline in the carrying value or change in useful life.

Other intangible assets are stated at cost and comprise certain product rights including licences and related costs, which are amortised over the shorter of their useful lives or the licence period; publishing rights and titles and purchased internet domain names and websites, which are amortised on a straight line basis over their estimated useful lives, not exceeding two years.

Software costs are written off as incurred, except for purchases from third parties in respect of major systems. In such cases, the costs are written off over the expected useful life of the asset, not exceeding five years from the date of implementation of the software.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost. Depreciation is provided on all tangible fixed assets except freehold land. Depreciation rates are calculated so that assets are written down to residual value in equal annual instalments over their expected useful lives, which are as follows:

Freehold buildings and long leasehold property	10-70 years
Short leasehold property	Term of lease
General plant, machinery and equipment	5-20 years
Computer equipment	3 years
Motor vehicles	3-5 years

Stocks

Stocks and work in progress are valued on the first in first out basis at the lower of cost and net realisable value. Cost comprises materials, direct labour and a proportion of attributable production and other overheads.

Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

Group accounting policies

Investments

Listed and unlisted investments are stated at the lower of cost and market value or directors' valuation. Investments in subsidiaries included in the company's balance sheet are stated at cost or nominal value of shares issued where merger relief is taken, less any provision for impairment. Investments in companies where the group both has a participating interest and exercises significant influence over the entity's financial and operating policies (through board representation and participation in financial and operating policy decisions) are included as associates under the equity method of accounting. Similarly, investments in companies where the group holds a long-term interest that arises as a result of a contractual arrangement and is jointly controlled by the group and other ventures are included as joint ventures under the gross equity method of accounting. The figures included in the financial statements are based on audited accounts, adjusted where necessary by reference to management accounts for the period up to 31 December. Where the accounting policies of associates and/or joint ventures do not conform in all material respects to those of the group, adjustments are made on consolidation.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for taxable gains arising from the revaluation (and similar fair value adjustments) of fixed assets that have been rolled over into replacement assets, only to the extent that there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable; and
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the period on which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the date of the balance sheet. The trading results of foreign subsidiary undertakings are translated into sterling at an average of the exchange rates ruling for the year. Differences arising on the retranslation of investments, including goodwill, in foreign subsidiary undertakings and related net foreign currency borrowings, and from the translation of the results of those undertakings at average rate, are taken to reserves, and are reported in the statement of total recognised gains and losses. All other exchange differences are taken to the profit and loss account.

Pension costs

The group sponsors a number of defined benefit schemes and defined contribution schemes. The group adopted FRS17 "Retirement Benefits" in the financial statements for the year ended 31 December 2002. For the defined contribution schemes, the profit and loss charge represents the contributions payable to the scheme during the accounting period. The assets of the defined benefit pension schemes are measured at their market value at the balance sheet date and the liabilities of those schemes are measured using the projected unit method. The discount rate used is the current rate of return on a AA corporate bond of equivalent term and currency to the liabilities. The extent to which the schemes' assets exceed/fall short of their liabilities is shown as a surplus/deficit in the balance sheet to the extent that a surplus is recoverable by the group or that a deficit represents an obligation of the group.

The following is charged to operating profit:

- the increase in the present value of pension scheme liabilities arising from employee service in the current period;
- the increase in the present value of pension scheme liabilities as a result of benefit improvements over the period during which such improvements vest; and
- gains and losses arising on settlements/curtailments.

A credit in respect of the expected return on the schemes' assets and a charge in respect of the increase during the period in the present value of the schemes' liabilities because the benefits are one period closer to settlement are included in other finance income. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

Group accounting policies

Financial instruments

Interest differentials under interest rate swaps, forward rate agreements, caps and collars are recognised by adjustment of the underlying interest receivable or payable over the term of the agreement and as such are accrued to the profit and loss account on a time apportioned basis. Any gains or losses arising on forward foreign exchange contracts taken out to hedge currency transaction risks on monetary assets and liabilities and forecast trading flows are deferred and recognised in operating profit or as adjustments to carrying amount when the hedged transaction has itself been reflected in the group's financial statements upon maturity of the contract. The forward premium or discount for these contracts is not accounted for as interest but as part of the hedge achieved. If underlying forecast flows do not materialise as envisaged, the hedges are either reversed or swapped forward to a future financing period. The adjusting hedges are then accounted for through the profit and loss account to match the revised underlying exposure being hedged. Currency options are accounted for in the same manner as the forward foreign exchange contracts above except that the premium paid is deferred to the point of exercise or lapse of the option.

International Financial Reporting Standards

The Council of the European Union announced in June 2002 that listed companies would adopt International Financial Reporting Standards (IFRS), formerly known as International Accounting Standards, from 1 January 2005. The adoption of IFRS will be first reflected in the group's financial statements for the half year ending 30 June 2005 and the year ending 31 December 2005.

In 2003 we commenced the process of investigating the differences between UK GAAP and IFRS in order to assess the impact the conversion to IFRS will have on our financial position, results of operations and cash flows, our internal and external financial reporting, our accounting systems and procedures, treasury issues (such as debt covenants and risk management), our day-to-day business, and the training and education of our workforce. This assessment has resulted in a plan for conversion. We have substantially finalised the conversion during 2004 to ensure the group will be ready to meet the conversion deadline and have included on page 87 of this annual report, unaudited reconciliations of our 2004 result under IFRS, and of the groups' 1 January 2004 and 31 December 2004 shareholders' funds in order to present clearly the effects of this transition.

1. Business analysis

	Group 2004 £m	Group share of joint ventures 2004 £m	Group 2003 £m	Group share of joint ventures 2003 £m
Turnover by division				
Continuing operations:				
CMP Media	193.8	8.8	210.5	8.2
CMP Asia	50.5	4.5	44.4	3.5
CMP Information	159.3	–	135.0	1.6
United Advertising Publications	58.5	–	58.1	–
Professional media	462.1	13.3	448.0	13.3
News distribution	94.8	10.7	94.8	10.3
Market research	222.9	–	203.9	–
Continuing operations	779.8	24.0	746.7	23.6
Acquisitions:				
CMPMedica	29.8	–	–	–
	809.6	24.0	746.7	23.6
Turnover by geographic market				
United Kingdom	249.6	–	225.7	1.6
North America	424.1	18.5	450.1	17.7
Europe and Middle East	78.1	1.0	31.5	0.8
Pacific	57.8	4.5	39.4	3.5
	809.6	24.0	746.7	23.6

Turnover analysis is based on turnover by origin. Turnover by destination would not be materially different.

Net operating assets/(liabilities) by division	2004 £m	As restated 2003 £m
CMP Media	118.7	144.6
CMPMedica	150.9	–
CMP Asia	(7.0)	(4.0)
CMP Information	65.6	78.9
United Advertising Publications	7.3	6.5
Professional media	335.5	226.0
News distribution	4.8	12.1
Market research	80.2	69.0
	420.5	307.1
by geographic market		
United Kingdom	92.8	70.0
North America	176.9	226.3
Europe and Middle East	159.0	16.4
Pacific	(8.2)	(5.6)
	420.5	307.1
Reconciliation of net operating assets to net assets		
Net operating assets	420.5	307.1
Investments	391.7	605.5
Corporation tax	(208.0)	(308.5)
Net borrowings	(300.2)	(376.0)
Proposed dividend	(28.5)	(19.5)
Pension liability	(95.2)	(83.9)
Net assets	180.3	124.7

1. Business analysis (continued)

	Group 2004 £m	Group share of joint ventures 2004 £m	Total 2004 £m
*Operating profit before amortisation of intangible assets by division			
Continuing operations:			
CMP Media	21.8	1.2	23.0
CMP Asia	14.5	0.5	15.0
CMP Information	33.6	–	33.6
United Advertising Publications	13.2	–	13.2
Professional media	83.1	1.7	84.8
News distribution	20.5	3.5	24.0
Market research	20.1	–	20.1
Continuing operations	123.7	5.2	128.9
Acquisitions:			
CMPMedica	3.4	–	3.4
*Operating profit before amortisation of intangible assets	127.1	5.2	132.3
Amortisation of intangible assets	(124.5)	(1.5)	(126.0)
*Operating profit/(loss) by division			
Continuing operations:			
CMP Media	(38.7)	0.7	(38.0)
CMP Asia	10.9	0.5	11.4
CMP Information	(3.7)	–	(3.7)
United Advertising Publications	12.3	–	12.3
Professional media	(19.2)	1.2	(18.0)
News distribution	19.1	2.5	21.6
Market research	7.9	–	7.9
Continuing operations	7.8	3.7	11.5
Acquisitions:			
CMPMedica	(5.2)	–	(5.2)
*Operating profit	2.6	3.7	6.3
Non-operating exceptional items and amounts written off investments			7.2
Net interest and other financial income			9.1
Profit on ordinary activities before tax			22.6
*Operating profit/(loss) by geographic market			
United Kingdom	(7.4)	–	(7.4)
North America	(6.6)	3.6	(3.0)
Europe and Middle East	3.4	(0.4)	3.0
Pacific	13.2	0.5	13.7
*Operating profit	2.6	3.7	6.3
Non-operating exceptional items and amounts written off investments			7.2
Net interest and other financial income			9.1
Profit on ordinary activities before tax			22.6

*Includes income from other fixed asset investments of £6.0 million.

1. Business analysis (continued)

	Group 2003 £m	Group share of joint ventures 2003 £m	Total 2003 £m
* Operating profit before amortisation of intangible assets by division			
Continuing operations:			
CMP Media	14.1	0.7	14.8
CMP Asia	12.1	0.5	12.6
CMP Information	25.2	0.1	25.3
United Advertising Publications	14.0	–	14.0
Professional media	65.4	1.3	66.7
News distribution	10.2	3.2	13.4
Market research	19.3	–	19.3
*Operating profit before amortisation of intangible assets	94.9	4.5	99.4
Amortisation of intangible assets	(120.1)	(1.6)	(121.7)
*Operating (loss)/profit by division			
Continuing operations:			
CMP Media	(38.4)	0.1	(38.3)
CMP Asia	(1.4)	0.5	(0.9)
CMP Information	(4.3)	0.1	(4.2)
United Advertising Publications	13.3	–	13.3
Professional media	(30.8)	0.7	(30.1)
News distribution	0.7	2.2	2.9
Market research	4.9	–	4.9
*Operating (loss)/profit	(25.2)	2.9	(22.3)
Non-operating exceptional items			–
Net interest and other financial income			3.9
Loss on ordinary activities before tax			(18.4)
*Operating (loss)/profit by geographic market			
United Kingdom	(6.1)	0.6	(5.5)
North America	(25.7)	2.8	(22.9)
Europe and Middle East	9.8	(0.9)	8.9
Pacific	(3.2)	0.4	(2.8)
*Operating (loss)/profit	(25.2)	2.9	(22.3)
Non-operating exceptional items			–
Net interest and other financial income			3.9
Loss on ordinary activities before tax			(18.4)

*Includes income from other fixed asset investments of £3.9m

2. Reconciliation of operating profit before amortisation and exceptionals to profit/(loss) before tax

	2004 £m	2003 £m
Operating profit before amortisation of intangible assets and exceptional items	132.3	99.4
Amortisation of intangible assets:		
– Group	(124.5)	(120.1)
– Joint ventures and associates	(1.5)	(1.6)
Total operating profit/(loss)	6.3	(22.3)
Net interest income	12.5	9.4
Other finance expense	(3.4)	(5.5)
Exceptional items and amounts written off investments charged to profit/(loss) before tax (see note 6)	7.2	–
Profit/(loss) before tax	22.6	(18.4)

3. Cost of sales and operating expenses

	Continuing 2004 £m	Acquisitions 2004 £m	Total 2004 £m
Cost of sales	(304.2)	(16.9)	(321.1)
Distribution costs	(136.1)	(2.3)	(138.4)
Administrative expenses	(346.9)	(15.7)	(362.6)
Other operating income	9.1	–	9.1
	(778.1)	(34.9)	(813.0)

	Total 2003 £m
Cost of sales	(279.9)
Distribution costs	(163.1)
Administrative expenses	(344.4)
Other operating income	11.6
	(775.8)

	Continuing 2004 £m	Acquisitions 2004 £m	Total 2004 £m
Included within operating profit:			
Operating lease charges			
– hire of plant, machinery and vehicles	(1.3)	(0.1)	(1.4)
– property	(22.3)	(0.5)	(22.8)

	Total 2003 £m
Included within operating profit:	
Operating lease charges	
– hire of plant, machinery and vehicles	(1.5)
– property	(24.8)

Included within operating profit:	2004 £m	2003 £m
Audit services:		
– Statutory audit (Company £10,000)	1.0	0.6
– Audit related regulatory reporting	0.2	0.2
Further assurance services	0.3	0.1
Tax services:		
– Compliance services	–	–
– Advisory services	0.1	0.2
Total	1.6	1.1

The Audit Committee has established policy guidelines on the nature of non-audit work which may be undertaken by the auditors. These guidelines identify a number of categories of work where the auditors will not normally be employed, including financial due diligence assignments on potential acquisitions and financial systems consultancy. The Audit Committee has also put in place procedures for the pre-approval of any fees payable to the auditors for those non-audit services which fall within the policy guidelines.

Professional firms are selected to provide advisory services on the basis of their relevant experience and expertise. For major projects, it is the group's policy to undertake a competitive tendering process. In certain circumstances, for example reasons of confidentiality or knowledge of the group's businesses and structures, it is appropriate to employ the group's auditors to provide such services without a competitive tender being undertaken.

4. Income from other fixed asset investments

	2004 £m	2003 £m
Income from unlisted investments	6.0	3.9

5. Share of operating profit in joint ventures and associates

	2004 £m	2003 £m
Joint ventures and associates within continuing operations	5.2	4.5
Amortisation of goodwill	(1.5)	(1.6)
	3.7	2.9

6. Exceptional items and amounts written off investments

	2004 £m	2003 £m
Additional profit relating to prior year disposals (a)	18.9	–
Amounts written off investments (b)	(11.7)	–
Total charged to loss on ordinary activities before tax	7.2	–
Exceptional taxation credit (c)	121.0	–

(a) In December 2004, United agreed a settlement of £32 million from Granada in respect of outstanding items relating to the 2000 disposals. The additional profit on disposal represents this receipt, after deduction of interest, costs, and the offset of recorded receivables.

(b) The group has written down the carrying value of certain fixed asset investments to reflect their expected realisable value. It is the group's intention to exit these investments.

(c) The group has resolved a number of outstanding items as a consequence of which there is a net exceptional tax credit of £121.0 million.

7. Net interest income/(expense)

		2004 £m	2003 £m
Interest receivable		26.6	25.8
Interest payable	– on bank loans and overdrafts	(2.3)	(1.0)
	– other	(11.8)	(15.4)
		12.5	9.4

Interest receivable includes £9.8 million (2003: £8.9 million) of interest receivable from Channel 5 Television Group Limited in respect of shareholder loans.

8. Tax on profit/(loss) on ordinary activities

	2004 £m	2003 £m
a) Analysis of tax charge for the year:		
UK corporation tax at 30.0% (2003: 30.0%)	16.9	15.9
Overseas corporation tax	12.3	5.4
Tax relating to share of profit of joint ventures	1.2	1.4
Total current tax	30.4	22.7
Overseas deferred tax	0.4	–
	30.8	22.7

	2004 £m	2003 £m
b) Factors affecting tax charge for the year:		
Profit/(loss) on ordinary activities before tax	22.6	(18.4)
Profit/(loss) on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 30%	6.8	(5.5)
Effect of:		
Expenses not deductible for tax purposes (primarily goodwill amortisation)	43.1	35.2
Tax effect of items not recognised in consolidated financial statements	(19.0)	(5.4)
Reversal of timing differences	2.4	0.5
Higher tax rates on overseas earnings	4.3	0.4
Additional profit relating to prior year disposals not taxable	(5.7)	–
Other	(1.5)	(2.5)
Total current tax	30.4	22.7

c) Factors that may affect future tax:

No deferred tax has been recognised on the retained profits and reserves of overseas subsidiaries or joint ventures or associated undertakings as there is currently no intention to remit such amounts to the UK.

Deferred tax assets have not been recognised, having given consideration to the likelihood of recovery of the balance.

9. Profit/(loss) for the financial year of the company

As permitted by Section 230 of the Companies Act 1985, the company's profit and loss account has not been presented. A loss for the financial year of £(98.4) million (2003: profit of £632.5 million) has been included within the group results and dealt with in the financial statements of the company.

10. Dividends

	2004 £m	2003 £m
Equity dividends		
Ordinary shares:		
Interim of 3.63p (2003: 3.3p)	12.1	11.0
Proposed final of 8.37p (2003: 5.7p)	28.1	19.2
Non-equity dividends – B shares (see note 24)	0.4	0.4
	40.6	30.6

Non-equity dividends relate to the accrual for the LIBOR linked dividend on 5,446,789 (2003: 6,212,819) B shares remaining in issue (see note 24).

11. Earnings/(loss) per share

	2004 Earnings/ (loss) £m	2004 Weighted average number of shares million	2004 Earnings/ (loss) per share pence	2003 Earnings/ (loss) £m	2003 Weighted average number of shares million	2003 Earnings/ (loss) per share pence
	109.1	334.4	32.7	80.3	334.2	24.0
Adjustment in respect of B share dividends	(0.4)	–	(0.1)	(0.4)	–	(0.1)
Adjusted earnings per share	108.7	334.4	32.6	79.9	334.2	23.9
Adjustment in respect of amortisation of intangible assets	(126.0)	–	(37.7)	(121.7)	–	(36.4)
Adjustment in respect of exceptional items	128.2	–	38.3	–	–	–
Basic profit/(loss) per share	110.9	334.4	33.2	(41.8)	334.2	(12.5)
Dilution	3.5	52.4	(3.6)	–	–	–
Diluted profit/(loss) per share	114.4	386.8	29.6	(41.8)	334.2	(12.5)

Adjusted earnings per share is presented as the directors consider that this is a meaningful measure of the performance of the group. For diluted earnings per share, the weighted average number of shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The group has two categories of dilutive potential ordinary shares: those share options granted to employees where the exercise price is less than the average market price of the company's ordinary shares during the year and shares attributable to convertible debt. No adjustment has been made for the dilutive impact in 2003 as this would decrease reported loss per share. The impact of dilutive securities in 2004 would be to increase the profit by £3.5 million for convertible debt (2003: £3.7 million) and to increase weighted average shares by 4.6 million shares for employee share options (2003: 2.6 million) and 47.8 million shares for convertible debt (2003: 47.8 million).

The weighted average number of shares excludes ordinary shares held by the ESOP and the QUEST (see note 25).

12. Intangible fixed assets

	Goodwill £m	Other intangible assets £m	Total £m
Cost			
At 1 January 2004	1,644.6	16.8	1,661.4
Currency translation	(50.2)	(0.1)	(50.3)
Additions	190.7	–	190.7
Transfers from joint ventures	0.3	–	0.3
At 31 December 2004	1,785.4	16.7	1,802.1
Amortisation			
At 1 January 2004	1,213.8	16.8	1,230.6
Currency translation	(48.7)	(0.1)	(48.8)
Charge for the year	124.5	–	124.5
Transfers from joint ventures	–	–	–
At 31 December 2004	1,289.6	16.7	1,306.3
Net book amount			
At 31 December 2004	495.8	–	495.8
At 31 December 2003	430.8	–	430.8

13. Tangible fixed assets

	Land and buildings £m	Plant, machinery and vehicles £m	Total £m
Group			
Cost			
At 1 January 2004	71.0	128.6	199.6
Currency translation	(1.0)	(4.0)	(5.0)
On acquisition of subsidiary undertakings and businesses	0.4	1.5	1.9
Additions	1.2	7.3	8.5
Disposals	(1.3)	(11.2)	(12.5)
At 31 December 2004	70.3	122.2	192.5
Depreciation			
At 1 January 2004	31.0	114.1	145.1
Currency translation	(1.0)	(4.0)	(5.0)
Charge for the year	2.7	10.2	12.9
Disposals	(0.6)	(10.0)	(10.6)
At 31 December 2004	32.1	110.3	142.4
Net book amount			
At 31 December 2004	38.0	12.1	50.1
At 31 December 2003	40.0	14.5	54.5

	2004 £m	2003 £m
Land and buildings at net book amount comprise:		
Freehold	20.9	20.4
Long leasehold	0.5	0.5
Short leasehold	16.6	19.1
	38.0	40.0

14. Fixed asset investments

	Unlisted £m	Goodwill £m	Total £m
Group			
(a) Joint ventures			
Cost			
At 1 January 2004	4.5	11.7	16.2
Currency translation	(0.3)	(0.4)	(0.7)
Additions	–	–	–
Transfers to subsidiaries	(0.3)	–	(0.3)
Disposals	–	–	–
Dividends	(4.0)	–	(4.0)
Share of profits less losses	4.0	–	4.0
At 31 December 2004	3.9	11.3	15.2
Amortisation			
At 1 January 2004	–	5.0	5.0
Currency translation	–	(0.1)	(0.1)
Transfers to subsidiaries	–	–	–
Charge for the year	–	1.5	1.5
At 31 December 2004	–	6.4	6.4
Net book amount			
At 31 December 2004	3.9	4.9	8.8
At 31 December 2003	4.5	6.7	11.2

14. Fixed asset investments (continued)

	Unlisted £m	Goodwill £m	Total £m
Group			
(b) Associated undertakings			
Cost			
At 1 January 2004	0.2	–	0.2
Currency translation	–	–	–
Additions	1.7	–	1.7
At 31 December 2004	1.9	–	1.9
Net book amount			
At 31 December 2004	1.9	–	1.9
At 31 December 2003	0.2	–	0.2

There are no listed joint ventures or associates.

	Listed investments £m	Loans to unlisted £m	Unlisted investments £m	Total £m
(c) Investments: other				
At 1 January 2004 (as restated)	0.2	218.0	(49.3)	168.9
Currency translation	–	–	0.1	0.1
Additions	–	–	–	–
Additional loans and accrued interest	–	16.5	–	16.5
Return of investment	–	–	–	–
Transfer from unlisted to listed due to IPO	1.0	–	(1.0)	–
Disposals	–	–	(0.4)	(0.4)
Repayments	–	(26.6)	–	(26.6)
Amounts written off investments (note 6)	–	(1.0)	(10.7)	(11.7)
At 31 December 2004	1.2	206.9	(61.3)	146.8

Additions to loans to unlisted investments include additional shareholder loans to Channel 5 Television Group Limited.

One of the group's investments completed an Initial Public Offering (IPO) on 28 October 2004 and has been reclassified from unlisted to listed investments.

The market value of other listed investments at 31 December 2004 was £2.1million (2003: £1.1 million).

Certain of the group's investments which were previously classified as associated undertakings and joint ventures were reclassified as fixed asset investments during the years ended 31 December 2000 and 31 December 2001 as the level of influence exerted by United over these businesses is not considered sufficient to meet the requirements of FRS 9. The investments comprise Channel 5 Television Group Limited, Independent Television News Limited, SDN Limited, Satellite Information Services (Holdings) Ltd and Paperloop.com, Inc. UBM does not consider that these investments are core to its ongoing activities.

	Type of business	Country of incorporation/ registration	Class of shares held	Shareholding/ interest %	Accounting year end
Principal fixed asset investments are as follows:					
Joint ventures:					
Canada Newswire Limited	News distribution	Canada	Ordinary	50.0%	31 December
ANP Pers Support BV	News distribution	Netherlands	Ordinary	50.0%	31 December
EMedia Asia Limited	Exhibitions and publications	Barbados	Ordinary	39.9%	31 December
Associates:					
Axilog S.A.	Publications	France	Ordinary	25.1%	31 December
Other fixed asset investments:					
Channel 5 Television Group Limited	Broadcasting	Great Britain	Ordinary	35.37%	31 December
Paperloop.com, Inc.	Internet business	USA	Ordinary	37.2%	31 December
The Press Association	News distribution	Great Britain	Ordinary	17.01%	31 December
SDN Limited	Multiplex Operator	Great Britain	Ordinary	33.05%	31 December
Satellite Information Services (Holdings) Ltd	News distribution	Great Britain	Ordinary	20.0%	31 March
Independent Television News Limited	Broadcasting	Great Britain	Ordinary	20.0%	31 December

14. Fixed asset investments (continued)

Significant investments

The unaudited financial statements of Channel 5 Television Group Limited for the year ended 31 December 2004 show aggregate capital and reserves of £(512.3) million (2003: £(509.1) million) and a loss for the financial year of £(5.2) million (2003: £(13.9) million).

Investment in own shares

The group also holds investments in own shares through the ESOP and QUEST. The group has adopted UITF 38 'Accounting for ESOP trusts' in these financial statements. This Abstract requires that any investment in own shares through an ESOP trust is deducted from shareholders' funds. As required by the Abstract, the comparative information at 31 December 2003 has been restated, with other investments being reduced by £4.1m, other reserves being reduced by £7.8m and the profit and loss reserve being increased by £3.7m to reverse provisions made against these shares in prior years. Details of the ESOP and Quest schemes are included in note 25.

	Shares in group companies £m	Loans to group companies £m	Total £m
Company			
Investments: subsidiary undertakings			
Cost			
At 1 January 2004	3,004.9	1,030.0	4,034.9
Movement in loans	–	(23.6)	(23.6)
At 31 December 2004	3,004.9	1,006.4	4,011.3
Provision against investments			
At 1 January 2004	(661.5)	–	(661.5)
Charged for the year	–	–	–
At 31 December 2004	(661.5)	–	(661.5)
Net book amount			
At 31 December 2004	2,343.4	1,006.4	3,349.8
At 31 December 2003	2,343.4	1,030.0	3,373.4

15. Stocks and work in progress

	2004 £m	2003 £m
Group		
Raw materials and consumables – paper stocks	2.6	1.1
Work in progress:		
– short term market research contracts	14.1	17.6
– other	4.2	–
Finished goods and goods for resale	1.9	1.7
	22.8	20.4

16. Debtors

	Group 2004 £m	Group 2003 £m	Company 2004 £m	Company 2003 £m
Amounts falling due within one year:				
Trade debtors	128.0	115.0	–	–
Other debtors	38.4	11.4	–	–
Prepayments and accrued income	30.0	29.8	1.4	1.5
Group relief receivable	–	–	140.5	116.8
Pension prepayments – defined contribution schemes	1.6	2.3	–	–
	198.0	158.5	141.9	118.3

There are no amounts falling due after more than one year.

17. Short term liquid funds

	Group 2004 £m	Group 2003 £m	Company 2004 £m	Company 2003 £m
Listed investments	234.2	425.2	–	–

18. Creditors: amounts falling due within one year

	Group 2004 £m	Group 2003 £m	Company 2004 £m	Company 2003 £m
Unsecured bank overdrafts	2.8	2.7	–	–
Bank and other loans	140.0	238.9	–	213.9
2.375% senior convertible bonds (see note 21)	–	221.1	–	–
Trade creditors	59.7	47.3	–	–
Other creditors	26.6	41.1	–	–
Deferred consideration	4.8	5.4	–	–
Corporation tax	208.0	308.5	–	–
Other taxes and social security	13.1	13.4	–	–
Accruals and deferred income	184.6	178.7	5.7	13.2
Proposed dividends – group	28.5	19.5	28.5	19.5
	668.1	1,076.6	34.2	246.6

Bank and Other Loans

Bank and other loans for 2004 are £140 million of borrowing under the group's £500 million syndicated bank facility (2003: £21.1 million) – see below.

Bank and other loans for 2003 included US dollar fixed rate private placements of £69.8 million, which were repaid in September 2004, and US dollar fixed rate senior unsecured notes of £133.4 million (stated net of repurchases of £6.0 million and issue costs), which were repaid in July 2004. The notes repurchased were held by a wholly owned subsidiary and were not cancelled. Accordingly, these were shown as amounts owing in the company balance sheet.

Borrowing facilities

The group has a five year stand-by £500 million syndicated bank credit facility which has a maturity of August 2006. All conditions precedent to the committed borrowing facilities were met at 31 December 2004.

19. Bank and other loans due after more than one year

	Group 2004 £m	Group 2003 £m	Company 2004 £m	Company 2003 £m
Other loans	96.1	101.9	130.2	138.2

Bank and other loans due after more than one year

Bank and other loans include US dollar fixed rate senior unsecured notes of £96.1 million (2003: £101.9 million) (stated net of repurchases of £34.2 million (2003: £36.3 million) and issue costs). The notes repurchased are held by a wholly owned subsidiary and have not been cancelled. Accordingly, these continue to be shown as amounts owing in the company balance sheet.

20. Other creditors due after more than one year

	Group 2004 £m	Group 2003 £m	Company 2004 £m	Company 2003 £m
Amounts owed to group companies	–	–	1,999.4	1,680.1
Other creditors	4.6	5.4	–	–
	4.6	5.4	1,999.4	1,680.1

21. Convertible debt

	Group 2004 £m	Group 2003 £m	Company 2004 £m	Company 2003 £m
2.375% senior convertible bonds (see below)	208.7	–	–	–

United Business Media (Jersey) Limited, a wholly owned subsidiary of the company, has in issue a five year $400 million 2.375% fixed convertible bond with a coupon payable semi-annually. The bonds are convertible into Preference Shares of United Business Media (Jersey) Limited at any time up to the seventh calendar day before the date fixed for redemption, 19 December 2006. The Preference Shares will, in turn, be exchangeable immediately for a total of 47.8 million Ordinary Shares in the company.

United Business Media (Jersey) Limited may redeem all of the $400 million bonds at their principal amount, together with accrued interest:

a) at any time after 19 December 2004 if the market price per Ordinary Share on each of the dealing days in any period of 30 days ending not earlier than 14 days prior to the giving of the notice of redemption has been at least 130 per cent of the Sterling Exchange Price on such dealing day; or

b) at any time if 85 per cent or more of the aggregate principal amount of the bonds originally issued shall have been previously purchased and cancelled, redeemed or converted.

Convertible bondholders had a one time option to put the bond back to United Business Media (Jersey) Limited for par on 19 December 2004.

No options in relation to puts or calls have been exercised and subsequently all bonds remain outstanding.

In line with accounting convention, the convertible debt was classified in creditors falling due within one year (£221.1 million) at 31 December 2003 on the grounds that the earliest possible date for redemption was 19 December 2004. As this date has now passed, the convertible debt has been reclassified to creditors falling due in more than one year (£208.7 million) at 31 December 2004.

22. Financial instruments

Objectives, policies and procedures

The group's funding, liquidity and exposure to currency and interest rate risk is managed by the group's treasury department. Treasury operations are conducted within a framework of policies and guidelines authorised by the board and are subject to internal control procedures. The objective of the framework is to provide flexibility whilst minimising risk and prohibiting speculative transactions or positions to be taken. Further detail on policies for managing funding requirements, investment of surplus funds and management of risks can be found in the Financial Review.

(a) Financial liabilities

The interest rate risk profile of the group's financial liabilities at 31 December was:

Currency	Total 2004 £m	Floating rate financial liabilities 2004 £m	Fixed rate financial liabilities 2004 £m	Financial liabilities on which no interest is paid 2004 £m	Fixed rate liabilities Weighted average interest rate 2004 %	Fixed rate liabilities Weighted average period for which rate is fixed 2004 Years
Sterling	26.7	–	–	26.7	–	–
US dollar	332.2	23.6	281.1	27.5	3.8	2.6
Euro	142.9	142.8	0.1	–	5.7	3.5
Other currencies	–	–	–	–	–	–
Total	501.8	166.4	281.2	54.2		

Currency	Total 2003 £m	Floating rate Financial liabilities 2003 £m	Fixed rate financial liabilities 2003 £m	Financial liabilities on which no interest is paid 2003 £m	Fixed rate liabilities Weighted average interest rate 2003 %	Fixed rate liabilities Weighted average period for which rate is fixed 2003 Years
Sterling	46.4	7.3	7.6	31.5	5.0	3.0
US dollar	563.9	82.2	444.7	37.0	5.1	2.9
Euro	22.8	22.8	–	–	–	–
Other currencies	–	–	–	–	–	–
Total	633.1	112.3	452.3	68.5		

22. Financial instruments (continued)

The maturity profile of the carrying amount of the group's financial liabilities at 31 December was:

Maturity Group	Debt 2004 £m	Other financial liabilities 2004 £m	Total 2004 £m
Within one year, or on demand	142.8	14.3	157.1
Between one and two years	208.7	7.4	216.1
Between two and five years	96.1	13.8	109.9
Over five years	–	18.8	18.8
Total	447.6	54.3	501.9
Finance charges allocated to future periods			
Unamortised issue costs	2.7	–	2.7

Maturity Group	Debt 2003 £m	Other financial liabilities 2003 £m	Total 2003 £m
Within one year, or on demand	462.7	22.3	485.0
Between one and two years	–	11.8	11.8
Between two and five years	–	20.7	20.7
Over five years	101.9	13.7	115.6
Total	564.6	68.5	633.1
Finance charges allocated to future periods			
Unamortised issue costs	4.1	–	4.1

Non-equity B shares of £0.5 million (2003: £0.5 million) have been excluded from the above tables as they have no fixed maturity date.

At 31 December 2004, the effect of the group's dollar interest rate swaps is to classify as floating rate in the above table £23.6 million of the outstanding £96.1 million 2009 US dollar fixed rate senior unsecured notes. This debt has been swapped into six month US dollar LIBOR plus 2.7% to the maturity date of the debt.

Other floating rate financial liabilities comprise of borrowings which bear interest at rates based on the LIBOR plus a margin for each relevant currency for periods between one and six months.

Other financial liabilities include £4.6 million of other creditors falling due after more than one year (2003: £5.4 million) and £48.6 million of provisions (2003: £63.1 million) with an average maturity of 4.4 years.

22. Financial instruments (continued)

(b) Financial assets

The interest rate risk profile of the group's financial assets at 31 December was:

Currency	Total 2004 £m	Cash at bank and deposits 2004 £m	Other financial assets 2004 £m	Floating rate 2004 £m	Fixed rate 2004 £m	Non interest bearing Total 2004 £m
Sterling	304.3	50.2	254.1	89.1	70.0	145.2
US dollar	196.4	69.0	127.4	156.5	29.9	10.0
Euro	18.1	17.7	0.4	16.6	–	1.5
Other currencies	7.8	7.7	0.1	6.6	–	1.2
Total	526.6	144.6	382.0	268.8	99.9	157.9

Currency	Total 2003 £m	Cash at bank and deposits 2003 £m	Other financial assets 2003 £m	Floating rate 2003 £m	Fixed rate 2003 £m	Non interest bearing Total 2003 £m
Sterling	339.9	82.4	257.5	20.2	170.0	149.6
US dollar	431.0	98.9	332.1	346.7	68.1	16.2
Euro	2.8	2.8	–	2.1	–	0.7
Other currencies	2.2	1.8	0.4	1.1	–	1.2
Total	775.9	185.9	590.0	370.1	238.1	167.7

The group's two US dollar senior unsecured loan notes carry interest rates that are significantly in excess of market rates. As stated in the Financial Review, the group has redeemed $75 million of these bonds early in order to reduce the group's net interest exposure. Additionally, to achieve a higher level of redemption without making a significant early redemption payment, the group has entered into the following transactions that have a similar economic effect to redeeming the bonds.

At 31 December 2004, the group holds $160 million (2003: $205 million) of credit linked notes from a number of counterparties, these notes having similar maturities to the US dollar loan notes. The notes pay interest at an average rate of LIBOR plus 266 basis points per annum.

In return for paying interest on the credit linked notes at rates in excess of LIBOR the final redemption to be received by the company is determined by certain circumstances related to the credit risk of the company. These circumstances arise if there has been a "credit event" as defined in the terms of the note, in which case the counterparties may redeem the notes at less than par value. A credit event arises in the event of any of the following circumstances:

a bankruptcy of the company;

if the group is required by any of its lenders to accelerate repayment of borrowings;

if the group fails to make payment under any of its borrowings;

if the group restructures any of its borrowings in order to avoid default;

if any of its borrowings are repudiated, disaffirmed or rejected or subject to any moratorium.

If a credit event should take place, the credit linked note may not necessarily be redeemed for cash. The company may receive its own bonds or debt obligations with a par value equivalent to the amount of the credit linked notes from the counterparties in settlement of redemption of the note.

Fixed rate financial assets have the following weighted average interest rates and periods for which that rate is fixed:

Currency	Fixed rate financial assets Weighted average interest rate 2004 %	2003 %	Fixed rate financial assets Weighted average period for which rate is fixed 2004 Years	2003 Years
Sterling	4.0	4.0	0.1	0.6
US dollar	6.8	7.4	0.1	3.1
Euro	–	–	–	–

The effect of the group's swaps was to classify £70 million of floating rate cash in the above tables as fixed rate however these swaps matured in January 2005.

Non-interest bearing financial assets comprise mainly other fixed asset investments for which there is no maturity.

22. Financial instruments (continued)

(c) Fair values of financial assets and financial liabilities

The following tables provide a comparison by category of the carrying amounts and the fair values of the group's financial assets and financial liabilities at 31 December 2004 and 31 December 2003. The fair value of US dollar private placements (included in long-term borrowings) was calculated by discounting expected future cash flows at risk adjusted interest rates. Market values obtained from third parties have been used to determine the fair value of interest rate swaps, credit linked notes, forward foreign exchange contracts, the fixed rate convertible bonds and the US dollar senior loan. The fair value of cash at bank and deposits approximates to their book value due to their short maturity. Listed investments are valued at market value. For all other financial assets and liabilities the carrying amount has been used.

	Book value 2004 £m	Fair value 2004 £m
Primary financial instruments held or issued to finance the group's operations:		
Financial liabilities:		
– Short-term borrowings (up to two years)	(351.5)	(390.4)
– Long-term borrowings (over two years)	(96.1)	(109.2)
– Other financial liabilities	(54.3)	(54.3)
Financial assets:		
– Cash at bank and deposits	144.6	144.6
– Other financial assets	382.0	385.8
Derivative financial instruments held to manage the interest rate profile:		
Interest rate swaps		
– assets	–	1.9
– liabilities	–	(3.3)
Derivative financial instruments held or issued to hedge the currency exposure on expected future sales:		
Forward foreign currency contracts		
– assets	–	0.1
– liabilities	–	–

	Book value 2003 £m	Fair value 2003 £m
Primary financial instruments held or issued to finance the group's operations:		
Financial liabilities:		
– Short-term borrowings (up to two years)	(462.7)	(519.1)
– Long-term borrowings (over two years)	(101.9)	(119.0)
– Other financial liabilities	(68.5)	(68.5)
Financial assets:		
– Cash at bank and deposits	185.9	185.9
– Other financial assets	594.1	601.5
Derivative financial instruments held to manage the interest rate profile:		
Interest rate swaps		
– assets	–	7.9
– liabilities	–	(0.5)

22. Financial instruments (continued)

(d) Hedges

The group's policy is to hedge interest rate risk using fixed rate borrowings and financial instruments such as interest rate swaps. Net foreign transaction risks are hedged as they arise, generally using forward foreign exchange contracts, whilst foreign currency borrowings are used to provide an economic hedge against investments in overseas territories. The group's policy for accounting for hedges can be found in the "Group Accounting Policies" section of this report.

The tables below show the extent to which the group has unrecognised gains and losses in respect of financial instruments used as hedges at the beginning and end of the year. All the gains and losses on the hedging instruments are expected to be matched by losses and gains on the hedged transactions or positions.

	Unrecognised gains £m	Unrecognised losses £m	Total net gains £m
Unrecognised gains and losses on hedges at 1 January 2004	7.9	(0.5)	7.4
Arising in previous years included in 2004 income	6.9	(0.5)	6.4
Gains and losses not included in 2004 income			
Arising before 1 January 2004	1.0	–	1.0
Arising in 2004	1.0	(3.3)	(2.3)
Gains and losses on hedges at 31 December 2004	2.0	(3.3)	(1.3)
Of which			
Gains and losses expected to be included in 2005 income	1.4	(1.8)	(0.4)
Gains and losses expected to be included in 2006 income or later	0.6	(1.5)	(0.9)

	Unrecognised gains £m	Unrecognised losses £m	Total net gains £m
Unrecognised gains and losses on hedges at 1 January 2003	10.6	–	10.6
Arising in previous years included in 2003 income	10.0	–	10.0
Gains and losses not included in 2003 income			
Arising before 1 January 2003	0.6	–	0.6
Arising in 2003	7.3	(0.5)	6.8
Gains and losses on hedges at 31 December 2003	7.9	(0.5)	7.4
Of which			
Gains and losses expected to be included in 2004 income	3.0	(0.5)	2.5
Gains and losses expected to be included in 2005 income or later	4.9	–	4.9

Currency exposures

As outlined in the Financial Review, the group policy is to hedge, where possible, in all material respects exposures on monetary assets and liabilities.

The table below shows the extent to which group companies have monetary assets and liabilities in currencies other than their functional currency.

	Net foreign currency monetary assets/(liabilities)				
31 December 2004 Functional currency of group operation	Sterling £m	US dollar £m	Euro £m	Other £m	Total £m
Sterling	–	49.5	(143.2)	1.4	(92.3)
US dollar	–	–	0.3	2.7	3.0
Euro	0.1	2.0	–	3.6	5.7
Other currencies	–	–	–	–	–
Total	0.1	51.5	(142.9)	7.7	(83.6)

	Net foreign currency monetary assets/(liabilities)				
31 December 2003 Functional currency of group operation	Sterling £m	US dollar £m	Euro £m	Other £m	Total £m
Sterling	–	68.3	(18.6)	(1.3)	48.4
US dollar	0.2	–	(0.1)	(0.7)	(0.6)
Euro	(0.2)	0.1	0.4	–	0.3
Other currencies	–	–	–	–	–
Total	–	68.4	(18.3)	(2.0)	48.1

23. Other provisions for liabilities and charges

	Property £m	Former financial services £m	Deferred Tax Total £m	Total £m
Group				
At 1 January 2004	60.5	2.6	–	63.1
On acquisitions of subsidiary undertakings and businesses	–	–	1.0	1.0
Transfer	1.4	(1.4)	–	–
(Utilised) / provided in the year	(14.2)	(0.3)	0.4	(14.1)
At 31 December 2004	47.7	0.9	1.4	50.0

Liabilities on property

The group has lease obligations in respect of the continuing costs of vacant property, the quantification of which depends upon the ability to exit the leases early or sublet the properties, and for dilapidations on certain leasehold properties which are dependent principally on actual reinstatement costs on expiry of the leases. The provision in respect of these obligations at 31 December 2004 has been determined following external professional advice and will be utilised over the period of the leases in question, which range from 1 to 13 years.

Liabilities arising from former financial services activities

A subsidiary of the group was formerly engaged in the selling of personal pensions prior to 1996. As a result of the industry-wide review into pension misselling by the Personal Investment Authority, the group is exposed to actual and potential future claims by investors in respect of policies found to have been missold. Although work continues to progress with respect to the identification and review of all pension policies sold, the number and amount of such claims can not be finally determined until all potential compensation costs have been agreed. The amount of the provisions at 31 December 2004 has been determined on the basis of independent financial advice.

Deferred tax

The amount of provided and unprovided deferred tax liabilities/(assets) is as follows:

	2004 Provided £m	2004 Unprovided £m	2003 Provided £m	2003 Unprovided £m
Group				
Accelerated capital allowances	–	(3.5)	–	(4.4)
Other timing differences	1.4	(78.2)	–	(79.7)
	1.4	(81.7)	–	(84.1)

These deferred tax assets have not been recognised, having given consideration to the likelihood of recovery of the balance.

The above tables do not include any tax on the distribution of retained profits and reserves by overseas subsidiaries or joint ventures or associated undertakings as there is currently no intention to remit such amounts to the UK. Additionally, deferred tax has not been included in respect of the FRS 17 pensions deficit (see note 31).

24. Called up share capital

	2004 £m	2003 £m
Authorised		
486,851,630 (2003: 486,851,630) Ordinary shares of 25 pence each	121.7	121.7
375,417,690 (2003: 375,417,690) B shares of 8 and 23/44 pence each	32.0	32.0
	153.7	153.7

	Ordinary shares Number	B shares Number
Allotted and fully paid		
In issue at 1 January 2004	335,826,153	6,212,819
B shares purchased by the company	–	(766,030)
Allotted in respect of share option schemes and other entitlements	359,175	–
In issue at 31 December 2004	336,185,328	5,446,789

	Ordinary shares £m	B shares £m	Total £m
Allotted and fully paid			
In issue at 1 January 2004	84.0	0.5	84.5
B shares purchased by the company	–	(0.1)	(0.1)
Allotted in respect of share option schemes and other entitlements	0.1	–	0.1
In issue at 31 December 2004	84.1	0.4	84.5

The return of capital to shareholders, undertaken in 2001, took the form of a subdivision and consolidation of the existing United ordinary shares. On 23 April 2001, each of the existing 507,901,885 ordinary shares of 25 pence then in issue were sub-divided into one share of 8 23/44 pence (B Shares) and one share of 16 21/44 pence and immediately following such sub-division every issued share of 16 21/44 pence was sub-divided into 29 shares of 25/44 pence. Every 44 shares of 25/44 pence each resulting from such sub-division were then consolidated into one ordinary share of 25 pence. The subdivision created a class of B shares with a total value of approximately £1.25 billion. UK shareholders had the option to sell these shares for 245 pence per share, to receive a single dividend of 245 pence per share, or to retain the B shares and receive a continuing dividend linked to LIBOR. During the year ended 31 December 2004, 766,030 B shares were purchased by the company for consideration of £1.8 million. Cumulatively to 31 December 2004, 369,970,901 B shares have been purchased by the company for consideration of £906.4 million. At 31 December 2004, 5,446,789 B shares remain in issue.

The B shares are irredeemable however, the company has the authority to convert, at its option, all remaining B shares in issue after 23 April 2011, if the number is less than 125 million. The conversion into ordinary shares will be based on the market price of ordinary shares at the time of the conversion.

B Shares

B shareholders are entitled to a non-cumulative preference dividend based on the principal of 245 pence per share. The dividend is the lower of 25 per cent per annum or 75 per cent of the 12 month LIBOR rate. On winding up, the B shareholders are entitled to 245 pence per share and the relevant proportion of the dividends outstanding. B shareholders do not have any voting entitlements except in a resolution relating to a winding up of the company or if the B share dividend has been outstanding for more than six months. B shares are therefore regarded as non-equity shares.

25. Share premium account and reserves

	Share premium account £m	Merger reserve £m	Capital redemption reserve £m	Other reserves £m	Profit and loss account £m	Total £m
Group						
At 31 December 2003 as reported	309.4	31.3	42.9	125.0	(465.3)	43.3
Adjustment for investment in own shares (note 14)	–	–	–	(7.8)	3.7	(4.1)
At 1 January 2004	309.4	31.3	42.9	117.2	(461.6)	39.2
Retained profit for the year	–	–	–	–	70.7	70.7
Actuarial loss on pension scheme	–	–	–	–	(14.9)	(14.9)
Premium on shares issued, net of costs	1.4	–	–	–	–	1.4
Purchase of own shares – ESOP	–	–	–	(4.1)	–	(4.1)
B shares purchased by the company	–	–	–	–	(1.8)	(1.8)
Currency translation	–	–	–	–	3.1	3.1
At 31 December 2004	310.8	31.3	42.9	113.1	(404.5)	93.6

The total group reserves at 31 December 2004 include £9.4 million (2003: £5.7 million) in respect of joint ventures and £(28.9) million (2003: £(28.9) million) in respect of associated undertakings, of which £(8.0) million (2003: £(12.0) million) has been dealt with in the profit and loss account and £(11.5) million (2003: £(11.2) million) of exchange has been dealt with in reserves, in line with SSAP 20.

Investment in own shares of £11.9 million (2003: £7.8 million) are held, at cost, reducing other reserves.

The profit and loss account reserves excluding the pension liability (see note 31) totalled £(309.1) million at 31 December 2004 (£(381.4) million at 31 December 2003).

	Share premium account £m	Capital redemption reserve £m	Other reserves £m	Profit and loss account £m	Total £m
Company					
At 1 January 2004	309.4	42.9	83.3	906.9	1,342.5
Retained loss for the year	–	–	–	(98.4)	(98.4)
Premium on shares issued	1.4	–	–	–	1.4
Return of capital to shareholders	–	–	–	(1.8)	(1.8)
At 31 December 2004	310.8	42.9	83.3	806.7	1,243.7
Non-distributable	310.8	42.9	83.3	–	437.0
Distributable	–	–	–	806.7	806.7

The company received £1.4 million (2003: £1.0 million) on the issue of shares in respect of the exercise of options awarded under various share option plans, of which £1.4 million (2003: £1.0 million) is payable by employees to the group for the issue of these shares.

The net amount of foreign currency losses on foreign exchange borrowings less deposits offset in the reserves of the group was a gain of £2.8 million (2003: gain of £13.0 million) and in the company was £nil (2003: £nil) respectively.

The market value of own shares held in the ESOP and QUEST at 31 December 2004 was £10.9 million (2003: £6.7 million) and the nominal value was £0.6 million (2003: £0.3 million).

Employee Share Ownership Plan

An Employee Share Ownership Plan (the "United ESOP") was established by the company on 24 June 1996. MAI previously had an Employee Share Ownership Plan established in 1989 (the "MAIESOP"). The United ESOP has purchased in the open market, or has received from the MAIESOP, or has been granted options over, United shares which are held on trust for employees participating in the plans listed below. The purchase of shares in the open market is financed through bonuses sacrificed by senior executives under the terms of the Senior Executive Equity Participation Plan ("SEEPP") and contributions in cash by the company to finance the acquisition of the matching element of such bonuses.

Dividends on the shares held by the United ESOP have been waived. The costs of running these schemes have been included in the profit and loss account.

Qualifying Employee Share Trust

In January 1998 a Qualifying Employee Share Trust ("the QUEST") was established for the purpose of satisfying exercises of options under the MAI Sharesave Scheme and the United SAYE Share Option Scheme. A new company, United QUEST Trustee Limited, was incorporated for the purposes of administering the QUEST. On 28 January 1998, the company issued 3,579,947 shares to the QUEST for a total consideration of £25,732,629, equal to 719p per share, the mid-market price at the close of business on 28 January 1998.

On 17 March 2000, the company issued 500,185 shares to the QUEST for a total consideration of £4,321,600 equal to 869p per share, the mid-market price at the close of business on 17 March 2000. On 18 May 2001, the company issued 100,000 shares to the QUEST for a total consideration of £727,000 equal to 727p per share, the mid-market price at the close of business on 18 May 2001. On 20 March 2002, the company issued 300,000 shares to the QUEST for a total consideration of £1,752,000 equal to 584p per share, the mid-market price at the close of business on 20 March 2002.

25. Share premium account and reserves

The dividends on the shares held by the QUEST have been waived.

		Options over United shares 2004	Options over United shares 2003	Number of United shares 2004	Number of United shares 2003
At 31 December the holdings of the United ESOP and the QUEST were as follows:					
United ESOP	– Ordinary shares	728,643	623,593	2,066,589	953,322
	– B shares	140,960	397,094	279,484	329,484
QUEST	– Ordinary shares	–	–	205,060	240,722

The market value of United shares at 31 December 2004 was 480.0p (2003 491.5p) per share.

The group has taken advantage of the exemption in UITF 17 (revised) and has not applied the Abstract to its SAYE and equivalent overseas schemes.

		Number of shares over which options were outstanding 2004	2003
As at 31 December the maximum aggregate liabilities of the United ESOP and the QUEST were as follows:			
SEEPP – bonus options	– Ordinary shares	318,436	255,762
	– B shares	34,663	125,841
SEEPP – matching options	– Ordinary shares	410,207	357,588
	– B shares	106,297	255,710
Harlow Butler Share Bonus Plan		6,743	6,743
Senior executive allocations		6,000	12,000
United SAYE Scheme		2,258,498	2,398,812

26. Commitments and contingent liabilities

At 31 December the group is committed to make payments during the following year under non-cancellable operating leases as follows:

Group	Land and buildings 2004 £m	Land and buildings 2003 £m	Other 2004 £m	Other 2003 £m
Operating leases which expire				
Within one year	1.6	1.4	0.3	0.5
Two to five years	12.6	9.8	0.6	0.2
After five years	20.1	21.2	–	–
	34.3	32.4	0.9	0.7

At 31 December the company is committed to make payments during the following year under non-cancellable operating leases as follows:

Company	Land and buildings 2004 £m	Land and buildings 2003 £m	Other 2004 £m	Other 2003 £m
Operating leases which expire				
After five years	4.9	4.9	–	–

Capital expenditure contracted for but not provided in the financial statements amounts to £1.2 million (2003: £0.2 million).

The company acts as guarantor over a net overdraft facility of £60 million and a foreign exchange line of £50 million that are available to subsidiary undertakings. The company also acts as guarantor over the fixed interest payable on interest rate swaps taken out by a subsidiary undertaking. The company also acts as guarantor over the convertible bonds disclosed in note 21.

27. Reconciliation of operating profit/(loss) to cash inflow from operating activities

	Total 2004 £m	Total 2003 £m
Operating profit/(loss)	6.3	(22.3)
Depreciation charges	12.9	25.3
Amortisation of intangible assets – group	124.5	120.1
Share of results of joint ventures	(2.5)	(2.9)
Income from fixed asset investments	(6.0)	(3.9)
Profit on sale of fixed asset investments	–	(4.3)
Loss on sale of tangible fixed assets	–	0.3
Payments against provisions	(16.1)	(23.1)
Decrease/(increase) in stocks	2.8	(1.4)
(Increase)/decrease in debtors	(2.8)	12.3
Decrease in creditors	(3.3)	(11.9)
Other non-cash items including movements on provisions	(8.7)	(3.6)
Cash inflow from operating activities	107.1	84.6

The effect of exceptional items on cash inflow from operating activities was £nil (2003: £nil).

28. Analysis of movement in net cash/(debt)

	At 1 January 2004 £m	Cash flow £m	Other non-cash movements £m	Exchange movements £m	At 31 December 2004 £m
Cash at bank and in hand	185.9				144.6
Overdrafts	(2.7)				(2.8)
	183.2				141.8
Less deposits treated as liquid resources	(169.5)				–
	13.7	130.1	–	(2.0)	141.8
Debt due after one year	(101.9)	(212.7)	(1.1)	10.9	(304.8)
Debt due within one year	(460.0)	311.7	–	8.3	(140.0)
	(548.2)	229.1	(1.1)	17.2	(303.0)
Deposits included in cash	169.5	(169.5)	–	–	–
Current asset investments	425.2	(176.6)	–	(14.4)	234.2
Total	46.5	(117.0)	(1.1)	2.8	(68.8)

Cash deposits held in respect of letters of credit included in cash above amounted to £5.6 million.

29. Purchase of subsidiary undertakings and businesses

	2004 Total £m
Gross cost of acquisitions in the year	204.3
Cash at acquisition	(9.7)
Cost of acquisitions	194.6
Adjustments to goodwill in respect of prior year acquisitions	(4.4)
Cash paid in the year net of cash acquired (including £nil relating to joint ventures)	190.2
Gross cost of acquisition represents:	
Goodwill	190.7
Fixed assets	1.6
Net current assets	13.5
Provisions for liabilities and charges	(0.9)
Pension liability	(0.6)
	204.3

On 30 July 2004, certain businesses owned by MediMedia were acquired for €299.9 million in cash including €2.8 million of costs. These comprised MediMedia's drug information businesses in Continental Europe and Asia, and all of its trade press, patient education and pharma-marketing solutions businesses in Germany, Benelux and in Asia-Pacific.

This purchase has been accounted for as an acquisition and goodwill is being amortised over ten years.

Adjustments to goodwill in respect of prior year acquisitions include an adjustment for deferred consideration for the 2001 acquisition of Allison-Fisher International, Inc. Under the earn out arrangement, if certain profit targets over the period from acquisition until 30 June 2004 are met, additional consideration of up to $33.0 million may be payable. The amount provided of $17.5 million reflects the amount which has been paid in February 2005.

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the group in respect of the acquisition of businesses from MediMedia:

	Book value of net assets on acquisition £m	Alignment of accounting policies £m	Fair value of assets/ (liabilities) acquired £m
Acquisitions:			
Fixed assets	4.3	(2.5)	1.8
Current assets/(liabilities):			
– Cash	9.7	–	9.7
– Stocks	1.1	2.6	3.7
– Debtors and other current assets	19.7	(0.9)	18.8
– Creditors falling due within one year	(18.9)	(0.2)	(19.1)
Creditors falling due after more than one year	–	–	–
Provisions for liabilities and charges	(0.6)	–	(0.6)
Pension liability	(0.6)	–	(0.6)
	14.7	(1.0)	13.7

The adjustments for accounting policies are principally to align capitalisation, amortisation and revenue recognition policies with those of the group.

The group have made small adjustments to the fair values of assets acquired through 2003 acquisitions. These adjustments are not material and relate to capitalisation of additional fees on the acquisition of Eurisko and a £0.2 million revaluation of a property acquired as part of the Aprovia acquisition.

The proforma financial statements of the businesses acquired from Medimedia for the year ended 31 December 2003 show a profit after tax of €2.1 million. Profit after tax for the period from 1 January 2004 to the date of acquisition was €14.9 million.

30. Particulars of employees

	2004 Number	2003 Number
The average number of persons employed in the group, including directors, during the year was as follows:		
Location		
United Kingdom	2,638	2,431
North America	2,883	2,933
Europe and Middle East	415	80
Pacific	565	327
	6,501	5,771
Category		
CMP Media	1,352	1,434
CMPMedica	372	–
CMP Asia	339	332
CMP Information	1,212	879
United Advertising Publications	718	731
Professional media	3,993	3,376
News distribution	774	854
Market research	1,734	1,541
	6,501	5,771

	2004 £m	2003 £m
Staff costs, including directors' emoluments, were:		
Wages and salaries	242.6	231.8
Social security costs	29.4	28.3
Other pension costs	15.4	11.3
	287.4	271.4

	2004 £m	2003 £m
Directors' emoluments		
Fees	0.3	0.4
Remuneration and benefits in kind	1.7	1.7
Compensation for loss of office	–	–
Bonuses	0.9	0.8
MTIP	0.8	0.6
Contributions to defined contribution pension schemes	0.1	0.1
	3.8	3.6

Details of executive and non-executive directors' emoluments and their interest in shares and options of the company are shown within the directors' remuneration report in the sections "Directors' Remuneration: pension entitlement", "Table of individual directors' remuneration", "Directors' interests in shares" and "Directors' interests in share options".

31. Pensions

The group operates a number of defined benefit pension schemes in the UK and overseas. The most recent actuarial valuations were carried out at various dates between 5 April 2002 and 5 April 2003 and updated to 31 December 2004 by independent qualified actuaries using the projected unit method.

The financial assumptions used to calculate the present value of scheme liabilities under FRS17 are:

	UK Schemes			Non-UK Schemes		
	2004 %	2003 %	2002 %	2004 %	2003 %	2002 %
Discount rate	5.40	5.50	5.60	5.71	6.25	6.75
Inflation assumption	2.75	2.50	2.50	2.44	2.50	2.50
Rate of increase in salaries	4.25	4.00	4.00	3.97	4.00	4.00
Rate of increase in pensions in payment on post April 1997 pension	2.75	2.50	2.50	n/a	n/a	n/a

The assets in the scheme and expected return on assets were:

UK Schemes	2004 £m	Expected return on assets %	2003 £m	Expected return on assets %	2002 £m	Expected return on assets %
Equities	179.2	7.50	168.5	6.3	151.4	6.0
Bonds	179.6	4.86	167.2	5.0	131.1	4.7
Insurance policies	5.8	5.40	5.7	5.5	5.0	5.6
Cash	1.4	4.75	0.9	3.75	2.5	4.0
Total	366.0		342.3		290.0	

Non-UK Schemes	2004 £m	Expected return on assets %	2003 £m	Expected return on assets %	2002 £m	Expected return on assets %
Equities	14.0	8.75	12.6	8.75	8.5	8.0
Bonds	9.0	5.63	8.1	6.08	5.8	6.8
Insurance policies	–	n/a	–	n/a	–	n/a
Cash	–	n/a	–	n/a	–	n/a
Total	23.0		20.7		14.3	

The following amounts at 31 December 2004 were measured in accordance with the requirements of FRS 17:

	UK Schemes			Non-UK Schemes		
	2004 £m	2003 £m	2002 £m	2004 £m	2003 £m	2002 £m
Total market value of assets	366.0	342.3	290.0	23.0	20.7	14.3
Present value of scheme liabilities	(450.0)	(415.4)	(370.6)	(29.8)	(27.0)	(24.6)
Deficit in the scheme	(84.0)	(73.1)	(80.6)	(6.8)	(6.3)	(10.3)
Irrecoverable surplus	(4.4)	(4.5)	–	–	–	–
Deficit	(88.4)	(77.6)	(80.6)	(6.8)	(6.3)	(10.3)
Related deferred tax liability / (asset)*	–	–	–	–	–	–
Net pension liability	(88.4)	(77.6)	(80.6)	(6.8)	(6.3)	(10.3)

* The related deferred tax asset has not been recognised, having given consideration to the likelihood of recovery of the balance.

	UK Schemes		Non-UK Schemes	
Analysis of amount charged to operating loss in respect of defined benefit schemes	2004 £m	2003 £m	2004 £m	2003 £m
Current service cost	3.1	3.0	2.3	2.6
Total operating charge	3.1	3.0	2.3	2.6

31. Pensions (continued)

Movement in deficit during the year	UK Schemes 2004 £m	UK Schemes 2002 £m	Non-UK Schemes 2004 £m	Non-UK Schemes 2002 £m
Deficit in the scheme at beginning of the year	(73.1)	(80.6)	(6.3)	(10.3)
Movement in year:				
Acquisition	–	(3.2)	(0.6)	–
Current service cost	(3.1)	(3.0)	(2.3)	(2.6)
Contributions	9.5	4.4	3.0	5.3
Past service costs	–	–	–	–
Settlement / curtailments	–	–	–	–
Other finance expense	(3.4)	(5.1)	–	(0.4)
Actuarial gain / (loss) before deduction of irrecoverable surplus	(13.9)	14.4	(1.1)	1.7
Effect of currency translation	–	–	0.5	–
Deficit in scheme at end of year	(84.0)	(73.1)	(6.8)	(6.3)

The pension deficit at 31 December 2004, as shown on the consolidated balance sheet, includes an amount in respect of irrecoverable surpluses of £4.4 million (2003: £4.5 million).

Analysis of amount charged to other finance expense	UK Schemes 2004 £m	UK Schemes 2003 £m	Non-UK Schemes 2004 £m	Non-UK Schemes 2003 £m
Expected return on pension scheme assets	18.9	16.1	1.5	1.3
Interest on pension scheme liabilities	(22.3)	(21.2)	(1.5)	(1.7)
Net return	(3.4)	(5.1)	–	(0.4)

Analysis of amount recognised in statement of total recognised gains and losses (STRGL)	UK Schemes 2004 £m	UK Schemes 2003 £m	Non-UK Schemes 2004 £m	Non-UK Schemes 2003 £m
Actual return less expected return on pension scheme assets	12.6	24.7	0.4	2.6
Experience gains and losses arising on the scheme liabilities	(4.5)	1.9	–	(0.2)
Changes in assumptions underlying the present value of the scheme liabilities	(21.9)	(16.7)	(1.5)	(0.7)
Amount recognised in the STRGL	(13.8)	9.9	(1.1)	1.7

History of experience gains and losses	2004 £m	2003 £m	UK Schemes 2002 £m	UK Schemes 2004 £m	Non-UK Schemes 2003 £m	Non-UK Schemes 2002 £m
Difference between the expected and actual return on scheme assets:						
Amount	12.6	24.7	(48.4)	0.4	2.6	(2.6)
Percentage of scheme assets at period end	3%	7%	(17%)	2%	13%	(18%)
Experience gains and losses of scheme liabilities:						
Amount	(4.5)	1.9	9.8	–	(0.2)	–
Percentage of the present value of the scheme liabilities at period end	1%	n / a	(3%)	–	1%	n / a
Total amount recognised in statement of total recognised gains and losses:						
Amount	(13.8)	9.9	(48.4)	(1.1)	1.7	(2.2)
Percentage of the present value of the scheme liabilities at period end	3%	2%	13%	4%	(6%)	(9%)

In 2004, the pension schemes included in the FRS 17 calculations were the United Pension Plan, the United Magazines Final Salary Scheme, the defined benefit section of the United Group Pension Scheme, The Builder Group Pension Scheme, the CMP Media LLC Cash Balance Retirement Plan, the United News Executive Pension Scheme, the Audits and Surveys Worldwide Account Balance Plan and the CMP Post Retirement Medical Plan. Two of these plans were included for the first time in 2004 – these are CMPMedica schemes in Australia and France. These schemes have a combined deficit of £0.6 million.

The UK schemes are closed to new members, hence under the projected unit method, the current service cost (expressed as a percentage of salary) will increase as the members of the scheme approach retirement.

The group is making additional contributions to reduce the deficit in the UK. Contributions in the UK defined benefit schemes are expected to be £16.0 million (2004: £11.8 million) in 2005. Contributions to the US defined benefit plan are expected to be £3.4 million in 2005 (2004: £4.0 million).

31. Pensions (continued)

The pension cost for the defined contribution schemes for the year ended 31 December 2003 is as follows:

Defined contribution schemes	2004 £m	2003 £m
– UK	2.0	2.6
– US	3.3	3.1
Total for the year	5.3	5.7

32. Related party transactions

The group entered into the following transactions with related parties during the year:

Transactions with related parties	Nature of relationship	Nature of transactions	Balances (owed by)/ due to the group at 31 December 2004 £m	Value of transactions 2004 £m	Balances (owed by)/ due to the group at 31 December 2003 £m	Value of transactions 2003 £m
Asia Pacific Leather Fair	Subsidiary < 90%	Loans and Management fees	(0.9)	1.7	1.4	1.5
Canada Newswire Ltd	Joint Venture	Newswire Service	–	0.4	0.7	1.5
Channel 5 Television Group Limited	Fixed Asset Investment	Loans and interest receivable	198.8	9.8	204.0	8.8
SDN Limited	Fixed Asset Investment	Loans and interest receivable	3.9	2.7	13.3	0.1

Merrill Lynch are one of the company's stockbrokers and also provides treasury services. Adair Turner, a non-executive director of UBM, is vice-chairman of Merrill Lynch Europe plc. For additional information refer to the Corporate Governance Statement.

33. Share options

At 31 December 2004 options granted over the company's ordinary shares of 25 pence under employee share option schemes were outstanding as detailed below. At 31 December 2004 the market price of the company's ordinary shares was 480.0p.

Date of grant	Number of shares	Exercise price (p)	Exercise dates From	To
United UK Executive Schemes				
24/09/1996	4,300	692.5	24/09/1999	24/09/2006
26/03/1997	15,600	754.5	26/03/2000	26/03/2007
25/09/1997	7,894	760.0	25/09/2000	25/09/2007
14/12/1998	70,440	511.0	14/12/2001	14/12/2008
16/09/1999	4,940	607.0	16/09/2002	16/09/2009
03/03/2000	105,638	867.2	03/03/2003	03/03/2010
08/05/2001	115,757	724.8	08/05/2004	08/05/2011
08/08/2001	10,072	595.7	08/08/2004	08/08/2011
08/03/2002	135,876	574.0	08/03/2005	08/03/2012
09/04/2003	243,498	247.3	09/04/2006	09/04/2013
05/04/2004	264,193	500.7	05/04/2007	05/04/2014
16/08/2004	13,352	449.3	16/08/2007	16/08/2014
United International Executive Schemes				
04/04/1995	10,000	482.5	04/04/1998	04/04/2005
19/04/1996	35,000	658.5	19/04/1999	19/04/2006
05/06/1996	54,928	702.5	05/06/1999	05/06/2006
16/09/1996	222,707	686.0	16/09/1999	16/09/2006
24/09/1996	195,700	669.5	24/09/1999	24/09/2006
26/03/1997	32,200	731.5	26/03/2000	26/03/2007
25/09/1997	22,106	742.0	25/09/2000	25/09/2007
14/12/1998	849,560	511.0	14/12/2001	14/12/2008
16/09/1999	19,060	607.0	16/09/2002	16/09/2009
03/03/2000	584,673	867.2	03/03/2003	03/03/2010
09/05/2000	24,760	753.0	09/05/2003	09/05/2010
18/12/2000	1,524,100	843.0	18/12/2003	18/12/2010
18/12/2000	381,000	843.0	18/12/2004	18/12/2010
08/05/2001	1,422,043	724.8	08/05/2004	08/05/2011
08/05/2001	621,000	724.8	08/05/2004	08/05/2011
08/08/2001	103,928	595.7	08/08/2004	08/08/2011
08/08/2001	104,000	595.7	08/08/2005	08/08/2011
19/12/2001	1,090,000	529.0	19/12/2004	19/12/2011
19/12/2001	1,090,000	529.0	19/12/2005	19/12/2011
08/03/2002	2,174,124	574.0	08/03/2005	08/03/2012
22/08/2002	1,485,000	277.2	22/08/2005	22/08/2012
22/08/2002	1,485,000	277.2	22/08/2006	22/08/2012
09/04/2003	2,540,502	247.3	09/04/2006	09/04/2013
05/04/2004	3,395,807	500.7	05/04/2007	05/04/2014
16/08/2004	371,648	449.3	16/08/2007	16/08/2014
MAI 1991 Executive Scheme				
18/10/1995	47,360	490.6	18/10/1998	18/10/2005
United SAYE Schemes				
31/10/1997	1,416	632.7	01/02/2001	01/08/2005
15/12/1998	9,099	514.8	01/02/2002	01/08/2006
17/09/1999	17,198	497.0	01/12/2002	01/06/2007
20/04/2001	33,439	488.3	01/12/2004	01/12/2008
15/04/2002	60,662	480.6	01/06/2005	01/12/2009
10/04/2003	1,907,441	160.5	01/06/2006	01/12/2010
08/04/2004	229,243	412.3	01/06/2007	01/06/2011
United International Sharesave Plan *				
30/09/1999	5,119	497.0*	01/12/2002	01/06/2005
20/04/2001	24,172	488.3*	01/12/2004	01/12/2004
26/04/2002	57,819	480.6*	01/06/2005	01/12/2007
10/04/2003	856,831	160.5*	01/06/2006	01/06/2008
08/04/2004	96,047	412.3*	01/06/2007	01/06/2009

*The option price is quoted in each country in the local currency, and has been translated at the exchange rate on the date of grant.

33 Share options (continued)

	United Executive Schemes*	UK United SAYE Schemes	MAI Executive Schemes	United International Schemes
The movement in shares under option during the year was as follows:				
Shares under option at 1 January 2004	18,909,663	2,398,812	180,480	1,196,852
Granted during the year	4,065,000	246,160	–	97,647
Exercised during the year	(136,000)	(35,662)	(133,120)	(24,592)
Expired, cancelled or lapsed	(2,008,257)	(350,812)		(229,919)
Balance at 31 December 2004	20,830,406	2,258,498	47,360	1,039,988

34. Post balance sheet events

On 18 January 2005, CMPMedica submitted a binding offer to acquire medical trade press and other professional healthcare business information services in France, currently owned by MediMedia, for €36 million in cash. In 2004 the business generated approximately €60 million of turnover and €6 million of profit before tax.

As announced on 28 January 2005, the group has appointed its financial advisors to conduct a strategic review of NOP World. The strategic review will examine a number of alternatives to maximise the value of NOP World for UBM shareholders including developing NOP World further, expanding NOP World through strategic alliances or a sale.

On 1 February 2005, CMP Asia announced the acquisition of the Tissue World events and publication from Paperloop for $4.5 million, being in part subject to the outcome of a forthcoming exhibition. The three Tissue World events are held in biennial sequence with an annualised turnover of approximately $2.5 million. Paperloop is a leading news and information provider for the pulp, paper and allied industries. UBM has a 37.2% stake in Paperloop.

On 7 February 2005, United Advertising Publications (UAP) acquired the licensed trade sector publishing events assets of Quantum Business Media, including the leading title in the licensed trade – 'The Publican', for £21 million in cash. In 2004 the business generated turnover of £6.8 million and £2.2 million profit before tax.

Principal group subsidiaries

The directors consider that to give full particulars of all subsidiary undertakings would lead to a statement of excessive length. The following information relates to those subsidiary undertakings the results or financial position of which, in the opinion of the directors, principally affect the figures of the group.

	Country of incorporation and operation	Percentage interest at 31 December 2004
Professional Media		
CMP Asia Ltd	Hong Kong	100
CMP Europe Ltd	Great Britain	100
CMP Information Ltd	Great Britain	100
CMPi Group Ltd (formerly Aprovia (UK) Ltd)	Great Britain	100
CMP Media, LLC	USA	100
VIDAL (OYP) S.A.	France	100
Medizinische Medien Information GmbH	Germany	100
CMPMedica Asia Pte Ltd	Singapore	100
Expoconsult B.V.	Netherlands	100
United Advertising Publications plc	Great Britain	100
CMP Information, Inc.	USA	100
News Distribution		
PR Newswire Association, Inc.	USA	100
PR Newswire Europe Ltd	Great Britain	100
Market Research		
Allison-Fisher International LLC	USA	100
Eurisko NOP World S.r.L.	Italy	100
Market Measures / Cozint L.P	USA	100
Mediamark Research, Inc.	USA	100
NOP Research Group Ltd	Great Britain	100
NOP World Strategic Marketing L.P	USA	100
RoperASW LLC	USA	100
Head Office		
United Business Media Finance, Inc.	USA	100
United Business Media Group Ltd	Great Britain	100
United Business Media (Jersey) Ltd	Jersey	100
United Finance Ltd	Great Britain	100

All companies stated as being incorporated in Great Britain are registered in England and Wales. None of the above subsidiaries are held directly by the company, with the exception of United Business Media (Jersey) Ltd.

A full list of group subsidiaries will be appended to the next annual return.

Five year financial summary

	2004 £m	2003 £m	2002 £m	2001 £m	2000 £m
Profit and loss account					
Turnover	809.6	746.7	793.4	932.5	1,975.0
Profit* after interest	141.4	103.3	72.9	95.9	195.7
Amortisation of intangible assets	(126.0)	(121.7)	(135.9)	(137.6)	(186.6)
Profit/(loss) before tax	22.6	(18.4)	(221.2)	(537.2)	2,093.2
Earnings/(loss) per share					
Adjusted	32.6p	23.9p	16.3p	17.7p	27.4p
Basic	33.2p	(12.5)p	(71.8)p	(146.5)p	365.7p
Ordinary dividends	12.0p	9.0p	7.0p	12.0p	22.2p

* Before amortisation of intangible assets and exceptional items

Financial calendar 2005

Record date for 2004 final dividend	29 March
Annual General Meeting	12 May
Final dividend payment date	26 May
Announcement of interim results	27 July
Interim dividend payment date	October

Unaudited Reconciliation of differences between UK GAAP and International Financial Reporting Standards (IFRS)

In accordance with European Union regulations, United is required to prepare its financial statements for the year ending 31 December 2005 in accordance with International Financial Reporting Standards ("IFRS"). The group is also required to present comparative information for the year ended 31 December 2004 in accordance with IFRS.

To assist shareholders in understanding this change in the basis of preparation of the group's financial statements, the tables below set out reconciliations from UK GAAP to IFRS for profit attributable to members for the year ended 31 December 2004, together with a reconciliation of shareholders' funds from UK GAAP to IFRS as at 1 January 2004 and as at 31 December 2004. These reconciliations set out all significant differences which are expected to result from the conversion from UK GAAP to IFRS.

The reconciliations are unaudited: they do not form part of the audited financial statements for the year ended 31 December 2004 and are included for guidance purposes only. It should be noted that the actual IFRS profit and shareholders' equity which will be presented as part of the comparative information to be shown in the financial statements for the year ending 31 December 2005 may differ from the amounts shown below as a result of further implementation guidance or industry interpretations. It should also be noted that the format of the published financial statements will change as a result of the adoption of IFRS.

The IFRS restatement may also be amended as a result of future rulings by the US Securities and Exchange Commission, who may require foreign registrants to file two years of comparative information under IFRS in the 20-F filing for the year ending 31 December 2005. This would require the group to adopt IFRS with effect from 1 January 2003; the information presented below is based on a transition date of 1 January 2004.

United is taking advantage of the exemption not to apply IFRS 32 and IFRS 39 until 1 January 2005, and as such no adjustments relating to these Standards have been included.

Group profit and loss account

	Note	2004 £m
Profit for the financial year attributable to members of the parent company as reported in accordance with UK GAAP		111.3
Adjustments:		
Amortisation of goodwill	1	126.0
Amortisation of intangible assets	2	(3.1)
Share-based payments	3	(1.5)
Investments accounted for using the equity method	4	1.7
WIP overheads	5	0.4
Pensions	6	0.1
Taxation	7	0.9
Profit in accordance with IFRS		235.8

Group balance sheet

	Note	31 December 2004 £m	1 January 2004 £m
Shareholders funds as reported in accordance with UK GAAP		180.3	124.7
Adjustments:			
Goodwill	1	126.0	–
Intangible assets	2	(3.1)	–
Investments accounted for using the equity method	4	1.7	–
WIP overheads	5	(0.9)	(1.3)
Dividend creditor	8	28.5	19.5
Pension liability	6	(0.8)	(0.9)
Deferred taxation	7	0.9	–
Total equity in accordance with IFRS		332.6	142.0

Unaudited Reconciliation of differences between UK GAAP and International Financial Reporting Standards (IFRS)

1. Goodwill

Under IFRS, goodwill on acquisitions is no longer amortised, but is held at its UK GAAP carrying value at the transition date and is then subject to an annual impairment review. The adjustment made reflects the reversal of amortisation under UK GAAP during 2004.

2. Amortisation of intangible assets

IFRS requires separable intangible assets that are acquired as part of a business acquisition to be identified separately from goodwill. These assets are amortised over their useful lives. United has taken advantage of the transition exemption which allows the identification of intangible assets to be applied only to those acquisitions which have taken place since the transition date. The adjustment represents an initial estimate of the amortisation charge in respect of the intangible assets acquired as part of the group's 2004 acquisitions.

3. Share-based payments

Under IFRS 2, the fair value of share options and other share-based payments is recognised as an expense through the profit and loss account over the expected period through to the expected date of exercise. The Standard requires recognition of the fair value of all share-based payments granted from November 2002 onwards. In determining the impact on the profit and loss account for 2004, the cost as calculated under IFRS 2 has been partially offset by existing charges made in respect of the group's MTIP and SEEPP arrangements.

4. Investments accounted for using equity method

Certain investments, which have been accounted for by the group as fixed asset investments under UK GAAP since 2001, will be equity accounted under IFRS.

5. Work in progress valuation

Under UK GAAP, it is acceptable for the valuation of work in progress to include attributable overheads. Under IFRS, the valuation of work in progress is restricted to direct costs incurred.

6. Pension liability

There are differences between the methodologies for the valuation of pension scheme assets under IFRS compared to FRS 17; under IFRS, equity investments are valued on a bid value basis, whereas FRS 17 uses the mid-point valuation.

7. Deferred Taxation

Under IFRS, a deferred tax liability is recognised on the difference between the balance sheet amount of intangible assets acquired as part of the group's 2004 acquisitions and the tax base of the intangible assets. Goodwill is grossed up by an equivalent amount and there is therefore no adjustment to net assets on recognition. The adjustment represents the reversal of this deferred tax liability due to the amortisation of the intangible assets during 2004.

8. Dividend creditor not accrued under IFRS

Under IFRS, the liability for dividends is not recognised until a formal obligation arises. As a result, the final dividend in respect of a particular year will not normally be recognised under IFRS until the following year.

Shareholder Information

Registered office and registered number

Ludgate House
245 Blackfriars Road
London
SE1 9UY

Registered Number 152298

Registrars

All enquiries regarding shareholder administration including dividends, lost share certificates or changes of address should be communicated in writing, quoting United Business Media's company reference number 0239 to the following address:-

Lloyds TSB Registrars
The Causeway
Worthing
West Sussex
BN99 6DA

Tel: 0870 600 3970

Shareholders can also view their shareholdings online by registering at www.shareview.co.uk.

Investor relations and general enquiries

For all investor relations and general enquiries about the company, please contact our group communications department at the registered office as shown above or telephone 020 7921 5000.

Requests for further copies of our annual report and accounts can be made via our website www.unitedbusinessmedia.com - or by telephoning the company secretary's office on the number given above.

Capital Gains Tax

The market value of United Business Media plc's shares on 31 March 1982 was 165 pence. The adjusted market value for shares acquired prior to 31 March 1982 which participated in the rights issues of November 1983 and June 1993 is 232.5 pence. The market quotations of the company's ordinary shares and ICAP plc (previously Garban plc) ordinary shares for 17 November 1998, being the first day of dealing following ICAP's demerger from the company were as follows:-

United Business Media plc ordinary shares of 25 pence – 638 pence

ICAP plc ordinary shares of 50 pence – 217 pence

The market values of United Business Media plc's ordinary shares of 25 pence and B shares on 23 April 2001 following the capital reorganisation were as follows:-

Ordinary shares of 25 pence – 693 pence

B shares – 245 pence

Share Listings

The ordinary and B shares are listed on The London Stock Exchange. The symbols are, respectively UBM and UBMb.

Shareholder profile as at 31 December 2004

Holdings	No. of holders	Percentage of holders	No. of shares	Percentage of issued capital
1 – 1,000	8,623	70.46	3,052,398	0.91
1,001 – 5,000	2,587	21.14	5,230,695	1.56
5,001 – 50,000	600	4.90	9,966,410	2.96
50,001 – 1,000,000	366	2.99	94,948,528	28.24
Over 1,000,000	62	0.51	222,987,297	66.33
	12,238	100.00	336,185,328	100.00

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